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FBIS-EEU-95-153 — CONTENTS — 9 August 1995

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INTERNATIONAL AFFAIRS

EU's Bildt Condemns Croatia's 'Brutal' Aggression *[TANJUG]* 1
Yugoslav Envoy Asks for UN Protection of Refugees *[TANJUG]* 1

INTER-EUROPEAN AFFAIRS

EU Gives $6.5 Million for Serb, Bosnian Refugees *[AFP]* 2

ALBANIA

Brozi's Turnaround Over Nano Case Examined *[RILINDJA DEMOKRATIKE 18 Jul]* 3

CZECH REPUBLIC

Klaus on Czech UN Role in Former Yugoslavia *[Prague Radio]* 4
Complex Relations of Political Parties Examined *[Munich SUEDDEUTSCHE ZEITUNG 24-25 Jun]* 4
Czech Sentiments Concerning Germany Viewed *[Frankfurt/Main FRANKFURTER ALLGEMEINE 17 Jul]* 5

SLOVAKIA

President Kovac Reports on U.S. Concerns *[Bratislava TV]* 8
Official on U.S. Attitude Toward Slovakia *[Bratislava TV]* 8
Reaction to Kovac's Remarks in United States *[Bratislava Radio]* 9
Meciar Criticized for Failing To Keep Promises *[TREND 26 Apr]* 10
Court Rules Government Violated Constitution *[SMENA 26 May]* 11

HUNGARY

Defense Chief on Overflights, Bosnia Problems *[Budapest TV]* 13
Official: Krajina Fighting Poses No Danger *[Budapest Radio]* 13
Expert Analyzes 'Downfall' of Krajina Serb Forces *[NEPSZAVA 8 Aug]* 14
Court's Decision on Bokros Package Analyzed *[HETI VILAGGAZDASAG 8 Jul]* 15

BOSNIA-HERZEGOVINA

Silajdzic Explains Resignation Decision *[Sarajevo Radio]* 20
  UBSD Urges Reconsideration *[Sarajevo Radio]* 20
Sacirbegovic on Refugee Influx, Yeltsin Offer *[Sarajevo Radio]* 21
  Views Relations With Zagreb *[London TV]* 21
Muslims Reportedly Begin To Fear Croatians *[TANJUG]* 22
Army Takes Control of Border, Confiscates Weapons *[Sarajevo Radio]* 23
ICRC Chief Confident of Airlift for Refugees *[AFP]* 23
  RS Reportedly Blocks Fuel *[Belgrade Radio]* 24
  Croat Planes Shell Refugees *[Belgrade Radio]* 24
  UN Worried About Shelling *[AFP]* 25
  Trains Requested From Serbia *[SRNA]* 25
'Text' of Karadzic 'Open Letter' to Milosevic *[SRNA]* 25
Karadzic, Others Discuss Krajina Situation *[SRNA]* 26
Karadzic Denies 'Disputes' in Top Leadership *[SRNA]* 27
  Plans Liberation With Mladic *[SRNA]* 28
Serb Army Statement on 'Unity' Among Generals *[Belgrade Radio]* 28

CROATIA

Tudjman Decorates Izetbegovic, Sacirbegovic *[Zagreb Radio]* 30
  Addresses Awards Ceremony *[Zagreb Radio]* 30
Tudjman: Izetbegovic Should Attend Moscow Talks *[Zagreb Radio]* 31
  Envoy Previews Moscow Summit *[Warsaw Radio]* 31
Granic Agrees to International Access in Krajina *[Madrid EL PAIS 7 Aug]* 31
  UN To Deploy Observers *[AFP]* 32
  Cease-Fire Accord Reached *[AFP]* 33
  Army Screens Refugees *[AFP]* 33
  364 Soldiers Captured *[TANJUG]* 34
  10,000 'Still Surrounded' *[SRNA]* 34
Granic: Situation in Eastern Slavonia 'Untenable' *[Zagreb TV]* 34
  Envoy: Zagreb Will Not Attack *[TANJUG]* 35
  Serbs Report Croat 'Aggression' *[Belgrade Radio]* 35
  Croatian Tank Attacks Repelled *[SRNA]* 36
Officials View Bosnian Fears of 'Secret Deal' *[AFP]* 36
  London Ambassador Denies Deal *[London TV]* 37
  Bonn Ambassador Denies Plan *[Cologne Radio]* 37
Chief of Staff Views Military Operations *[Zagreb TV]* 38
Delegation Apologizes for Human Shield Incident *[Paris TV]* 41
Eastern Slavonia Forms Joint Command With FRY *[AFP]* 42
  VJ Pledges To Defend Slavonia *[SRNA]* 42
Martic Calls For Continued Krajina Resistance *[Zagreb TV]* 42
  'Guerilla War' Phase Can Start *[Belgrade Radio]* 43
Babic Criticizes Martic for Evacuation Order *[Belgrade Radio]* 43
Krajina Serb 21st Corps Surrenders *[Zagreb TV]* 44

POLAND

Peaceful Solution to Yugoslav Conflict Urged *[PAP]* 45
Plane Crashes Set Back Relations With NATO *[London THE TIMES 9 Aug]* 45
Ambassador Denies Seeking To Postpone Elections *[Warsaw TV]* 45
  Elaborates on Letter *[RZECZPOSPOLITA 9 Aug]* 46
Platforms of Presidential Candidates Outlined *[RZECZPOSPOLITA 8 Aug]* 46
Lack of Commitment to Reform Criticized *[GAZETA WYBORCZA 12 Jun]* 48

ROMANIA

Tinca Foresees No 'Generalized Balkan Conflict' *[Bucharest Radio]* 54
New Hungarian Ambassador Views Relations *[NEPSZABADSAG 7 Aug]* 54
Army To Test U.S. Planning, Budgeting System *[EVENIMENTUL ZILEI 3 Aug]* 55
SPP Head Releases Deputy Director From Office *[EVENIMENTUL ZILEI 4 Aug]* 56

SLOVENIA

Foreign Ministry 'Hails' Reintegration of Krajina *[Ljubljana Radio]* 57
Communique on Draft Land Ownership Amendment *[DELO 1 Jul]* 57
Central Bank Proposes Convertible Tolar *[DELO 5 Jul]* 58
Implications of FRY-Italian Relations Viewed *[MLADINA 27 Jun]* 59

YUGOSLAVIA

Federal

Croat 'Genocide of Serbs' Severely Condemned *[TANJUG]* 62
22,000 Krajina Refugees Cross Into Republic *[TANJUG]* 62
Avramovic's Economic Plan Analyzed *[EKONOMSKA POLITIKA 3 Jul]* 63
Belgrade, Podgorica Compromise on Privatization *[EKONOMSKA POLITIKA 26 Jun]* 64
Foreign Debt, Rescheduling, Debt Finance Viewed *[EKONOMSKA POLITIKA 26 Jun]* 65
Tax Harmonization Law Proposed *[EKONOMSKA POLITIKA 26 Jun]* 66
Drastic Increase in Unemployed, Retirees *[EKONOMSKA POLITIKA 3 Jul]* 67
Trade Unions Warn of Growing Discontent *[DELO 8 Jul]* 69

Serbia

Protest Rally Demands Intervention in Krajina *[NASA BORBA 8 Aug]* 70
Belgrade City Head Urges Response to 'Rioting' *[TANJUG]* 70
15,000 Refugees Pass Through Sremska Mitrovica *[TANJUG]* 70
SPS's Minic Places Blame for Serb 'Exodus' *[Belgrade TV]* 70
Yugoslav Left Condemns Pale Leadership *[Belgrade TV]* 71
TV Comments on 'Cowardly Surrender' of Knin *[Belgrade TV]* 72

EU's Bildt Condemns Croatia's 'Brutal' Aggression

LD0908110295 Belgrade TANJUG in English 1032 GMT 9 Aug 95

[FBIS Transcribed Text] Belgrade, Aug. 9 (TANJUG)—European Union's mediator Carl Bildt has said that Croatia has obviously chosen a military option.

Bildt said on BBC's Serbian-language broadcast Tuesday that even those who had been prepared to say that Croatia's action was a way of introducing a new order in the region were now appalled by the consequences.

Croatia's brutal military aggression on the Republic of Serb Krajina launched on Friday with the bombardment and burning of Serb towns and villages and the killing of civilians has forced at least 240,000 Krajina Serbs to flee.

Bildt said the exact number of the people who had fled their ancestral homes in utter despair was not known but it most likely exceeded by far the figure of 100,000.

The E.U. mediator for the former Yugoslavia stated that, although the international community was investing immense efforts, it was not capable of coping with a catastrophe of such proportions.

After Bildt severly censured Croatia's aggression on the very day it was launched and stated that Croatia's President Franjo Tudjman could be indicted on war-crime charges for the bombardment of the Serb Krajina administrative centre of Knin, the E.U. mediator was proclaimed persona non grata by Zagreb.

Bildt said the international community must not apply double standards and, having condemned the bombardment of Sarajevo and the rocket attacks on Zagreb, it could not but do the same in the case of the bombardment of Knin.

Bildt underscored that it was extremely important to be consistent and not apply one type of criteria in the case of Serbs and another of the case of Croats.

Yugoslav Envoy Asks for UN Protection of Refugees

LD0908093195 Belgrade TANJUG in English 0859 GMT 9 Aug 95

[FBIS Transcribed Text] New York, Aug. 9 (TANJUG)—Head of the Yugoslav mission to the U.N. Dragomir Djokic called on the world organization Tuesday to take urgent measures to aid and protect the refugees from the Republic of Serb Krajina, especially those under the siege of Croatia's troops.

Djokic set out in a meeting with U.N. under-secretary for humanitarian affairs Peter Hansen that the lives of more than 200,000 men, women, children and old people were in danger.

He informed the U.N. official that Croatia's Armed Forces were violating all humanitarian principles and bombarding columns of Krajina refugees.

The Yugoslav delegate underscored that Yugoslavia had earlier received more than half a million refugees from former Yugoslav republics.

He said that, pressed by the international sanctions, Yugoslavia did not have the necessary means to aid the latest wave of refugees and that the U.N. and international humanitarian organizations should immediately come to its assistance.

Hansen said he was following the situation in Krajina and set out that a request had been submitted to the U.N. sanctions committee to permit international humanitarian aid to be sent to Belgrade from Zagreb by land.

The Yugoslav ambassador conferred Monday with Security Council president, Indonesian Ambassador Nugroho Wisnu Murti and urged that the council take immediate measures to condemn Croatia's aggression, launched last Friday, to secure the withdrawal of Croatia's forces to their starting positions and to prevent massacres of and genocide against Serbs from the Republic of Serb Krajina.

Wisnu Murti promised he would convey the Yugoslav demarche to the Security Council, which held another consultative meeting Tuesday and again failed to take any decision.

United States and German delegates are trying to prevent the council from taking any radical decisions against Croatia.

EU Gives $6.5 Million for Serb, Bosnian Refugees

AU0808134495 Paris AFP in English
1319 GMT 8 Aug 95

[FBIS Transcribed Text] Brussels, Aug 8 (AFP)—The European Union has granted emergency humanitarian aid worth $6.5 million for Serb refugees from Krajina and Moslem refugees from Srebenica and Zepa, a European Commission spokesman announced on Tuesday [8 August].

He said the assistance was intended particularly to let the International Committee of the Red Cross and non-governmental organizations act more effectively in connection with the flow of Serb refugees in the Banja Luka area and to support the work of non-governmental organizations helping Moslem refugees coming from the Srebenica and Zepa enclaves.

Emma Bonino, EU commissioner for humanitarian aid, asked all parties involved in the struggle to allow free passage to humanitarian convoys for Bihac, Banja Luka, Sarajevo and Goradze.

Brozi's Turnaround Over Nano Case Examined

95P20956A Tirana RILINDJA DEMOKRATIKE in Albanian 18 Jul 95 p 1

[Article by Mentor Shehu: "Metamorphoses of Brozi in the 'Nano Case'"]

[FBIS Translated Excerpt] The disappearance of more than $9 million of Italian aid intended for the Albanian people is more than enough reason for there not to be any doubt about the correctness of the decisions of three Albanian courts in regard to the so-called Nano Case. Albanian public opinion has been thoroughly informed about this scandal. Therefore, it was a surprise when Zef Brozi, the head of the Court of Cassation, called, in a very strange manner, for Nano to be declared innocent. This is the same Zef Brozi who, during the discussions in parliament on removing the immunity of Fatos Nano who was accused of corruption, was convinced of Nano's guilt and, more forcefully than many others, sought his penal prosecution.

Mr. Brozi is protesting energetically to journalists on the "Nano Case," against the Interparliamentary Union which, according to Mr. Brozi, is committing a flagrant violation of Albanian law when it discusses the emprisonment of Nano. This statement has been made public in the Albanian press and mass media. After he was elected to head the Court of Cassation, Zef Brozi did not take part as a judge on the panel of judges ruling on the Nano case because he had earlier expressed an opinion on Nano's guilt and reconfirmed it in a statement to the Albanian parliament.

Therefore, the head of the Court of Cassation accepted as just the decisions of three levels of courts on the corruption of Nano. But see what is happening now: Is Brozi overruling himself? [passage omitted] Is Mr. Brozi, the head of the Court of Cassation, asking the full Court of Cassation to support his demand for the release of Nano?! Or for the return of this case to the court of the first instance for a ruling?!

This "mortal leap" of Zef Brozi as a jurist is supported by the opposition parties, mainly the Socialist Party. Then what do his accusations in regard to "political judgments and evaluations of the case" mean?

Brozi's overruling of himself as a judge by assuming the role of politician is evident in his public statement of two weeks ago when he called for the resignation of Prime Minister Meksi and, more recently, when he called for the prosecution of Deputy Prime Minister Dylber Vrioni. [passage omitted] Everything is becoming clear in regard to the recent positions of Brozi. He is serving the opposition in a political way. Brozi could be doing this for a variety of reasons. It is possible that he might go back to his old convictions. But it must not be forgotten that Brozi was accused of narcodollars [as published] in the Kallafatos case. So Brozi's metamorphosis could be for one reason or another. The truth will come out in time.

Klaus on Czech UN Role in Former Yugoslavia

LD0808190595 Prague Radiozurnal Radio Network in Czech 1600 GMT 8 Aug 95

[Regular weekly interview with Czech Prime Minister Vaclav Klaus by Lucie Weissova; place and date not given—live or recorded]

[FBIS Translated Excerpt] [Weissova] Today we will begin the interview in an unusual but fairly understandable way: with a foreign issue. The Czech Republic has its first dead in the war in the former Yugoslavia. Naturally, there is a strong call for the withdrawal of Czech soldiers from the UN peacekeeping forces. Libor Novak, executive deputy chairman of the Civic Democratic Party, voiced a similar opinion yesterday. What is your view?

[Klaus] First of all, I would like to say a few words about the overall situation in the former Yugoslavia. I think that from the very beginning we have all been saying that the only solution is a political and not a military one. I am very sad about the recent attempt to shift the situation in the former Yugoslavia by military means. I am somewhat surprised and confused that the world does not bat an eye, and looks as if nothing has happened, or as if something has happened but there is nothing we can do about it.

I regard this attitude as rather unfair, and I do not find it appropriate. It is a tragedy that two of our soldiers have died there. I think we should demand investigations into who is responsible. It is not just an accident, nor it is a matter which we can simply ignore.

The withdrawal of Czech soldiers is a different issue. Our withdrawal, or the lack of it, will not solve this situation. I think it is a part of a wider and more general consideration about the success of the UN mission.

[Weissova] Do you think the Croatian action has helped the international community, which found itself in a deadlock—since political talks, the UN efforts, and the efforts of various countries and communities have not delivered any results?

[Klaus] I do not identify with this view at all. If this view were correct, we could realize tomorrow that some other party involved in this conflict might deploy its regular army to take over another chunk of land—and we would have to say that it was right that something had been done. I do not identify with this view. [passage omitted]

Complex Relations of Political Parties Examined

95CH0300A Munich SUEDDEUTSCHE ZEITUNG in German 24-25 Jun 95 p 11

[Article by Michael Frank: "Confusing Picture of Czech Parties—The Conservative Government Coalition of Vaclav Klaus Seems To Be Losing Stability"]

[FBIS Translated Text] How Christian is the free market? When Ivan Pilip was asked this question a year ago, he had just become minister of education and shortly before, chairman of the Christian Democratic Party (KDS). The sometimes refreshingly direct young politician this time said stiffly that the market contains so many balancing mechanisms that ultimately no one would be left behind and that specifically Christian presettings were unnecessary. It seemed as though someone else were speaking from the mouth of the agile politician in his midthirties, namely his Prime Minister Vaclav Klaus, who, in his firm belief in a market economy "without attributes," considers Helmut Kohl a closet socialist.

Klaus is chairman of the ODS [Democratic Citizens' Party], the major element of the conservative four-party coalition ruling in Prague, which in the 1992 elections managed to get the small KDS into parliament through an alliance of party lists. After Pilip's speech, the anxious question remained of what was so specifically Christian about the KDS—not taking into account its counterpositions on the return of confiscated church property—that would justify its existence as a separate party.

Now the answer is on the table: The KDS will merge with the ODS. The idea is for the right-populist ODS to tap into the rather small camp of the faithful. Barely 2 percent of voters adhere to the KDS. Those truly motivated by religion have long been voting for the KDU-CSL [Christian Democratic Union-Czechoslovak People's Party], in the literal meaning a Christian-social group. A part of the KDS, which does not want to throw itself into the arms of the openly antichurch ODS, may desert to the KDU-CSL and its chief, Josef Lux, the robust opposite of the intellectual Pilip. The KDS parliamentary caucus has already split over this.

Once there was a third bride, the ODA [Democratic Citizens' Alliance], up to now the second strongest mainstay of the Prague coalition, a typical liberal-economic party. Although Vladimir Dlouhy, minister for commerce and industry, undisputedly leads the popularity lists ahead of Klaus and President Havel, his ODA dropped in the favor of voters from second place to below 5 percent, which in elections would mean the end. A scandal involving improper party financing, and poorly substantiated claims by party chief Jan Kalvoda that the secret service wiretapped him and other politicians, were damaging to the party. But behind this lies the speculation over what actually distinguishes the ODA from the ODS by program, apart from tactical skirmishes.

Thus the conservative Klaus government is gradually losing its structural base, precisely one year before the parliamentary elections in 1996, the first in the Czech Republic (CR) since the departure of the Slovaks from the CSFR. Also, the sympathies enjoyed by the unchallenged ODS up to now are gradually eroding. At the same time, the opposition Social Democrats, with their high-spirited Milos Zeman, are finding themselves at the top of the sympathy list. Furthermore, since the 1992 elections there have been a dozen splinterings, new formations, and regroupings in the party and alliance structure, which means that only now is a more distinct party landscape developing. Why so late, five and a half years after the end of the communist regime?

The decline of the long undisputed ODS from over 30 percent to barely 25 percent is typical. Similar to the HZDS [Movement for a Democratic Slovakia] ruling in Slovakia under Prime Minister Meciar, the Klaus party is a relatively amorphous movement, linked by two aims: the will to retain power, and the desire to order and control the economy according to one's own conceptions. The ODS distinguishes itself from the HZDS only through occasionally better parliamentary manners. Otherwise, besides the prayer-wheel professions of a free market, there is little that is ideological, philosophical, visionary. That is no longer enough for many Czechs, especially since Klaus and the ODS are suspected of not having a sympathetic nerve for social aspects. Strong-arm tactics vis-a-vis the cautiously forming trade unions speak for themselves.

That is grist for the mills of the Social Democrats [CSSD—Czech Social Democratic Party]. With the exception of the few Free Democrats (SD), led by the popular former foreign minister and dissident Jiri Dienstbier, the CSSD as the first and only party has gained in stature in the left-liberal spectrum. However, at present it has only the profile of the populist "No," for in the disputes over preservation of property and avoidance of all-too-drastic social distortions, the transition from strong words to conclusive concepts does not come easily to the CSSD. There are reasons for that. Especially in the traditionally leftist Czech political spectrum, after the failure of real socialism, the left is completely disavowed. So it was a matter of making red, or at least pink, politics possible at all. The reform-communist Left Bloc has contributed nothing, especially not the old KP [Communist Party] functionaries of the KSCM [Communist Party of Bohemia and Moravia], which is rapidly being matched in the Stalinist fast lane by the newly founded SCK [Czechoslovak Communist Party] of the former Prague City party chief, Miroslav Stepan.

Thus the stability of the Czech Republic does not rest on having created a structured party system. It profited from a rapidly assembled, stable, relatively unsplintered, albeit amorphous, right which—probably most importantly of all—was economically successful, permitting the rapid supplantation of the totalitarian system. One year before the elections, conceptions and desires want to be represented in a more clear-cut fashion. This will also decimate the jumble of relatively indeterminate small parties, purely oriented toward their own interests.

In the course of a year, the wind can shift many times. But probably after the 1996 elections today's prime minister will not find a sufficient majority among the acceptable right, and neither will CSSD chief Zeman on the left. But these two will determine the scene. That is as certain as their mutual personal dislike.

Czech Sentiments Concerning Germany Viewed

95CH0314Z Frankfurt/Main FRANKFURTER ALLGEMEINE in German 17 Jul 95 p 8

[Article by Berthold Kohler: "Feared and Admired—What the Czechs Think of the Germans"]

[FBIS Translated Text] Prague, 16 July—"Germany is our inspiration and our grief; a source of understandable trauma, of many prejudices and misconceptions, and of standards to which we refer. Some view Germany as our greatest hope, while others consider it our greatest danger." No one has summarized the inner conflict of the Czechs vis-a-vis their great neighbor to the West better than President [Vaclav] Havel in his speech at Charles University last February. No other country but Germany elicits such strong and contradictory feelings among the Czechs. They both love and hate the Germans; they admire and fear them and are attracted and repelled by them at the same time.

A survey of a representative sample of 1,347 Czechs conducted by the Ivan Gabal polling organization on behalf of the Prague office of the Friedrich Naumann Foundation between late May and early June has now provided empirical data on these split feelings. Asked about their feelings with regard to Germany, 53 percent of the respondents said "fear," 51 percent said "insecurity," 51 percent said "respect," and 46 percent said "admiration." Fifty-six percent of the respondents, who were able to give multiple answers to the questions asked, cited the "desire to emulate Germany."

Compared with other nations of western Europe, Germany, the country which has the longest frontier with the Czech Republic, does not enjoy a lot of confidence among the Czechs. Only one-half of the sample trusts the Germans. Only the eastern European nations of Poland, Slovakia, Hungary and Russia fared worse. Of all nations named in the questionnaire the United States is viewed as the most reliable by far; followed by Great Britain and France. The frequently voiced contention that distrust vis-a-vis Germany has something to do with the fear of the "diminished" Czech state (following separation from Slovakia) of its enlarged neighbor [following German unification] was not borne out by this survey. Of those polled, 78 percent either felt that German unification was either "definitely right" or "more or less right."

According to Gabal, the distrust is based on lingering Czech doubts regarding the stability of democracy in Germany and its ability to resist a rebirth of totalitarian ideology. Sixty-nine percent of the respondents believe that the danger of a return to National Socialism will always exist in Germany. This high percentage remains constant throughout all age groups. Generally speaking, the members of the younger generation expressed a slightly, but only slightly, more favorable opinion of the "nemci" than their elders. The image of the Germans, the study states, is predominantly determined by positive as well negative stereotypes regarding the "national characteristics" of the neighboring nation. Despite great interest in their western neighbors it appears that the Czechs do not know an awful lot about them. Only 17 percent of the respondents were able to come up with the name of the sitting German president. "Beneath the surface of current relations there appears to be a definite information gap which leaves room for emotional and historical stereotypes." The image the Czechs have of the Germans is about at the "Dutch level," Gabal says.

Czechs who distrust the Germans and their motives also are less in favor of the Czech Republic's joining the EU and NATO because they fear that Germany will use these organizations to impose hegemony. The "optimists," on the other hand, hope that integration into the European organizations will lead to a relaxation of national differences between Germans and Czechs. According to the study, Czech society displays a "robust Euroatlantic orientation" combined with an estrangement from the other nations of Central Europe. Of those polled, 73 percent were "definitely" or "more or less" in favor of joining the European Community and 60 percent were in favor of joining NATO. But differences of opinion reappeared when the members of the sample were asked what role Germany is playing as a European big power. Sixty-one percent said Germany is so democratic that it no longer threatens anyone but 61 percent also said that Germany is once again striving to attain economic and political supremacy in Europe.

Fears of their German neighbor were particularly pronounced with regard to Germany's Ostpolitik. Sixty-nine percent of the sample believe that the Bonn government is trying above all to extend its influence in eastern Europe. Fifty-eight percent said that Germany is striving to make central and eastern European nations economically and politically dependent. Fifty percent believe that Germany is thinking in terms of territorial gains at the expense of the Czech Republic and Poland. Forty percent came out in favor of restricting the influx of German capital into Bohemia and Moravia even as two-thirds of the sample expressed hope for economic advantage resulting from the activities of "economic growth locomotive" Germany.

The Czech public assigns great significance for bilateral relations to the "Sudeten German problem." Twenty-six percent of the sample view this issue as "very weighty" and 41 percent said it was "somewhat serious." Twenty-four percent felt that it is a "peripheral problem" and 4 percent said it was "of no consequence whatever" while 5 percent expressed no opinion. Eighty percent of those polled believe that the principal concern of the Sudeten Germans is the return of their property confiscated after World War II. Fifty-five percent of the sample thought the most important issue was the return to their old homeland; 52 percent cited moral satisfaction and 37 percent thought that renewed annexation by Germany was the primary concern of the Sudeten Germans. Forty-one percent of the sample felt that the Czechs themselves were responsible for blowing up the issue unnecessarily while 51 percent felt they were not. Sixty-eight percent of the sample, a constant percentage over the years, called the expulsion of the Sudeten Germans a "justifiable retribution" for the injustice at the hands of the Nazis while 16 percent called it an "unjust act of violence" and 16 percent had no opinion. Sixty percent of the sample were in agreement with the Czech government's consistent policy of refusing to deal with the Sudeten German issue. But since the government's rhetoric at least has recently been quite contradictory, the responses to this question give little indication of the actual state of public opinion. According to Gabal, the claims by the Sudeten Germans threaten to darken the Czechs' overall image of the Germans, if they become a dominant issue in bilateral relations. This would be the case above all, if their insistence on property and citizenship rights were to be viewed as a threat to the integrity and existence of the Czech Republic. It could also have a negative impact on the Czechs' Euroatlantic orientation.

Despite all the fears and anxieties which beset the Czech people when they think about Germany 79 percent of the respondents term relations with Germany "generally good" and 56 percent would like to see relations continue to develop as they have so far. Two different schools of thought emerged with respect to the question of how the present relationship might be improved. The "distrust" and the nationally oriented groups came out in favor of a more "self-assured policy" vis-a-vis Germany and closer cooperation with historical allies France, Great Britain and the United States. The "cooperative" camp, on the other hand, was in favor of more mutual trust between Germans and Czechs, closer economic ties, more youth and information exchange, closer cooperation in the border regions and "more German in our schools" (80 percent). A solid 61 percent of the respondents said they would like to learn German. The desire for greater communication was not indicative, however, "of an interest in assimilation into the German milieu or Germanization of Czech society," the study says. The majority of the respondents wishes neither to live nor to work in Germany, and only 7 percent would want to take up permanent residence there.

President Kovac Reports on U.S. Concerns

LD0808141295 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1000 GMT 8 Aug 95

[FBIS Translated Text] Slovak President Michal Kovac continues his visit to the United States. Yesterday's program culminated in a visit to the U.S. Senate. At a private lunch, representatives of the White House, State Department, and Pentagon discussed with Kovac the current situation in Bosnia, the Croatian Army's military operation in the enclave of Krajina, and, most of all, the situation in the countries of central Europe. Ivo Kunsch, our permanent correspondent in Washington, has more details:

[Kunsch] There are two main reasons why the United States is interested in the countries of central Europe: prospects for joining the EU and NATO. I was told by President Michal Kovac that all three representatives of key U.S. institutions voiced a certain concern over certain elements of our internal political developments. I was interested to know what the elements that were mentioned in particular were:

[Begin recording] [Kovac] I have learned that they are interested most of all in democracy and the reform processes. The U.S. representatives mentioned in particular their concerns with regard to the independence of the mass media, relations between the government coalition and the opposition, and the government coalition's attitude to the opposition. The verification of the Democratic Union's petition lists by the police was mentioned in particular. The U.S. representatives said they are also concerned about authoritarian ruling methods and an increasing state influence and state interference with public civil life. They have also mentioned privatization and specifically emphasized that there were certain demonstrations of nationalism.

I want to be quite specific and say, in the conclusion of my reply to this question, that the U.S. representatives stated that in the United States, an opinion is beginning to prevail according to which Slovakia is no longer keeping abreast with Poland, Hungary, and the Czech Republic in the process of building democracy and reform processes. They said they are very sorry about this as they are very interested in Slovakia's becoming a good and useful component part of the Central European region.

[Kunsch] Mr. President, what is the message you take from this?

[Kovac] I was asked to openly tell the government, as well as Slovakia's politicians, that they want the Slovak public to be informed about these issues. So my task is very unpleasant. I really have to brief the prime minister and the political representatives of parliamentary parties.

I must admit that I felt very uncomfortable. I tried to explain how I view many of the issues. I said that some of the problems are temporary, that some views on democracy differ, and that all that is happening in our country is proof that democracy is at work in our country. In spite of that, they again emphasized the issues that are viewed here in the United States with concern. They also reminded me that similar views also emerged in their talks with EU member states.

[Kunsch] Mr. President, you also met with Senator Claiborne Pell. Why him?

[Kovac] First, we were interested in meeting him. At the same time, Senator Pell showed his interest in the meeting. Senator Pell has had good relations with Slovakia for many years now. He already had them at a time when Slovakia was part of the Czech and Slovak Federative Republic. Whenever I am here, in the United States, I take every opportunity [illegible]sit him. I know that I can discuss issues with Mr. [illegible] as a person whose relations with Slovakia are really sincere and friendly.

The senator asked me about the independence of the media in our country. He wanted to know about the incident with a Romany [on 21 July, a young Romany was beaten and set on fire by a group of skinheads in central Slovakia, and subsequently died, on 31 July, of injuries sustained], problems concerning privatization, and matters linked to the building of democracy. I could see that he is very well informed about the situation. The senator repeatedly said he is interested in seeing Slovakia develop in a democratic way and simultaneously with the other countries of Central Europe.

The United States has not yet made a final decision on which countries will join NATO, and Congress is now debating whether to name individual countries for NATO membership. The senator said he wants Slovakia in the group of countries that can be considered for NATO expansion already in the first phase. [end recording]

Official on U.S. Attitude Toward Slovakia

LD0808222195 Bratislava STV 1 Television Network in Slovak 1730 GMT 8 Aug 95

[Interview with Jozef Sestak, state secretary at the Slovak Ministry of Foreign Affairs, by an unidentified announcer on 8 August—live or recorded]

[FBIS Translated Excerpt] In connection with his visit to the United States, Slovak President Michal Kovac today gave an interview to the Slovak radio lunchtime news bulletin. [passage omitted]

Mr. State Secretary, you must know the statement made by the president in the United States. What is the position of the Ministry of Foreign Affairs?

[Sestak] Assessments interpreted by the president cannot, alas, be flattering to anybody. I can openly say that we are very sad about it, and more so, that the content of these pronouncements very much reminds one of the statements made by the representatives of the Hungarian coalition—that is, of Mr. Bugar and Mr. Nagy on their arrival from the United States.

As you will remember, the U.S. Embassy has rejected those pronouncements. We have received information from Mr. Lichardus, Slovak ambassador to the United States, that does not correspond with what we have heard on Slovak radio. For instance, according to our report, the issue of the political situation in Slovakia was opened by the president and not by U.S. officials—who, according to a report, responded to it later. Allow me to quote the president's words: There are three sources of tension in the current domestic political situation in the Slovak Republic: the relations between the president and the prime minister, between the president and the coalition majority in the Slovak National Council, and between the coalition and the opposition. Furthermore, it is necessary to resolve the existing problems between the government and the trade unions, between the government and the local administrations, and between the government and the universities—the president said, according to the report produced by Lichardus.

It is not my department's business to comment on domestic political issues, but I have to point out that there are no serious problems, let alone tensions, between the government and the trade unions, between the government and the provinces represented by the Association of Towns and Villages, and between the government and the universities. There are practical problems and they are being solved in a constructive fashion; the tripartite debate [involving the government, trade unions, and employers] is now operative, and so on. We therefore do not think that these problems should have been brought up on the international level.

Regarding the response of the U.S. officials, I would again like to quote the report produced by our ambassador, according to which a White House official said literally this: The United States will support the existing government, which has been democratically elected. It is true that later on this White House officials laid down the conditions under which the United States will do this. I do not deny that. This kind of manner, i.e. criticisms or critical remarks, are perfectly normal in the relations between our politicians and diplomats and their foreign partners. However, if these criticisms are biased or inaccurate, then it is a natural duty of every politician of this country, of every diplomat, of every citizen to defend his homeland.

With respect to the information available to us, I also have to challenge the fact that the U.S. officials who had lunch with President Kovac were entitled to ask the head of our state to address the prime minister, political parties, and the public, as we heard on Slovak radio.

I have two reasons for saying this. First of all, the president gave a lunch which was, considering his status, attended by relatively low-ranking officials of the U.S. Administration. I can be very specific about this—the level was that of vice deputies of state secretaries, which corresponds roughly to the heads of section in our ministries. These relatively low-ranking officials could not have U.S. government approval to present this kind of message on behalf of a head of state to another head of state.

My second reason is that we have a great deal of official statements both by the U.S. government and at President Clinton's level, and so on, which assess the development of democracy in Slovakia and the Slovak political line in a completely different way. They declare support for the democratically elected government. All these declarations by the U.S. government view Slovakia as an equal and respected partner. That is why we appreciate the U.S. government position, and we think that this is why the Slovak public has a positive attitude toward the United States.

[Announcer] Mr. State Secretary, has the Ministry of Foreign Affairs taken any steps toward the United States in this context?

[Sestak] I regret to say that in the situation when U.S.-Slovak relations are positive and dynamic, we had to send a note to the State Department asking whether there has been a change in the attitude of the U.S. government to the Slovak Republic. I would like to recall that some two weeks ago the U.S. Embassy, acting on behalf of President Clinton and other U.S. officials, confirmed the continuing U.S. support for the reforming and democratic Slovakia and for its integration into the transatlantic institutions.

Reaction to Kovac's Remarks in United States

LD0808201095 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1630 GMT 8 Aug 95

[FBIS Translated Excerpt] At a news conference following the 33d session of the Slovak government today, journalists asked about the Slovak government position on President Michal Kovac's statement made in the United States. [passage omitted]

In this context, Slovak Government Spokesman Tomas Hasala said:

[Begin Hasala recording] The government has noted the statement made today by the Slovak president in the United States. However, as this was all happening during lunchtime, there was no time to deal with it or to put out a statement. Government procedures run according to a set schedule. I am not saying it will not be dealt with, but so far it has not been on the agenda. [end recording]

[Announcer] The government office has not yet provided us with any government statement on President Kovac's pronouncements. We can, however, offer you the statements of a number of political parties and movements. [passage omitted]

The Slovak National Party [SNS] emphasizes in its statement that it has never wanted to act against President Michal Kovac. However, the content of the interview given in the United States has confirmed yet again that Michal Kovac does not agree with the ruling government, does not therefore respect the results of the democratic elections, and is neither able nor willing to do anything to protect the country of which he is president.

In the conclusion of its statement, the SNS asks Kovac about the background to his inertia, which has contributed to the negative image of Slovakia.

In this context, Peter Weiss, chairman of the Party of the Democratic Left, recalls that, compared with the Czech Republic, Hungary, and Poland, Slovakia may have difficulties with integration into the EU and the euro-atlantic security structures. In his statement, Peter Weiss suggests that the worst possible reaction of the coalition to this unpleasant information would be to take umbrage and launch a new campaign about an international plot against Slovakia. According to Weiss, the best response is to reassess the government policies while incorporating the debate on the Slovak foreign policy into the agenda of the Slovak parliament's September session. [passage omitted]

Meciar Criticized for Failing To Keep Promises

95CH0265B Bratislava TREND in Slovak 26 Apr 95 p 2A

[Article by Oliver Brunovsky: "V. Meciar's Phenomenal Memory Fails Him When It Is Necessary To Fulfill Promises"]

[FBIS Translated Text] Two weeks ago, Prime Minister Vladimir Meciar again set the trap in which he himself was caught. And he did so twice.

On the television program "Press Club," on 11 April, he decided to challenge the accusation made by his political opponents that he "once more practiced deceit" in connection with the memorandum on economic policy that was adopted last year by the Jozef Moravcik government.

"So as not to mislead anyone, I shall quote what was actually in the memorandum," Meciar said on television, holding a copy of TREND, from which he read: "For this reason, the government will decide, by mid-1995, to introduce measures, phased over a period of several years, to raise the age at which entitlements to a full pension arise from age 60 for men and age 57 for women to age 65 for both men and women. So, I did not invent this, and if those who have called me a deceiver have any decency, they should rectify that situation," said Meciar.

The memorandum on economic policy is not a secret document, but it is classified as confidential and it is not easy to gain access to it. TREND succeeded in this endeavor a year ago, but unfortunately it did not acquire the definitive version. It is precisely in the passage that was cited by Meciar that changes occurred. In the document that was approved by the government of Jozef Moravcik and that also found its way to the headquarters of the International Monetary Fund, the cited phrase was replaced by another: "As a consequence, the government has decided that, on the basis of a study of the factors influencing the pension system, the retirement age for men and women will be increased gradually, beginning in 1995."

Regrettably, even TREND contributed to misinforming the public. What is even more regrettable is the fact that Prime Minister Meciar—we use his own words—was once more deceitful.

This was also perceived by Juraj Alner, editor of the daily NARODNA OBRODA, who, last week, again asked the prime minister about the passage cited on the "Press Club" television program.

"...what I cited, was the precise text as it appeared in the official government document," responded Meciar.

"So that commentaries that were published, for example, by TREND and appeared in other newspapers were not taken into account by myself; I was basing my stand on the original, which was delivered to me by the appropriate ministries."

The contention by the prime minister was unequivocal—he was basing his position on the official government document and on the original. TREND was thus vindicated.

The matter is worse when it comes to Meciar, whose claims are repeatedly in conflict with the facts.

Even if he wanted to use the excuse that there is weak oversight in his office, or that information from the ministries is imprecise, he cannot use the excuse of his poor memory because he frequently boasts about his memory in public. The passage he ascribed to the Moravcik government on 11 April was taken from the draft memorandum prepared by his government in December 1993. It is true that the memorandum was, in the end, not approved and was not sent to Washington.

In November 1993, however, the Meciar government did dispatch a memorandum to Washington dealing with developmental policy and addressed to the World Bank, and part of it is also the following passage: "The government agrees with a gradually phased increase in the age at which entitlement to a full pension rises from age 60 for men and 57 for women to age 65 for both men and women, to begin in 1994."

The reader will surely note the deadline, which should already have been met. On the basis of the memorandum, the World Bank granted Slovakia an Economic Recovery Loan of $80 million on which the Slovak Republic drew immediately, in the first quarter of 1994, and which helped to stabilize its very low foreign exchange reserves at that time.

Documents indicate that Prime Minister Meciar has no inhibitions when it comes to promising anything to anyone. He does not acquire such inhibitions until it comes time to keep promises and to admit obligations before the public.

Court Rules Government Violated Constitution

95CH0266A Bratislava SMENA in Slovak 26 May 95 p 1

[Article by Robert Kotian: "A Place for Ivan Simko, Deputy Chairman of the KDH (Christian Democratic Movement) and Deputy to the National Council of the Slovak Republic—The Government Coalition Has Violated the Constitution"]

[FBIS Translated Text] A group of 40 deputies from the National Council of the Slovak Republic, who provided the impetus for the declaration that Law No. 370/1994 (the rescinding of privatization decisions made by the Moravcik government) was in conflict with the Constitution, was represented before the Constitutional Court by Ivan Simko.

What were the reasons for the decision by the Constitutional Court?

"What happened was what we talked about immediately following the night session of the parliament—namely, that the government coalition is violating the Constitution. It is clear from the decision by the Constitutional Court that the National Council of the Slovak Republic exceeded its authority and usurped certain prerogatives that rightfully belong to the government and to the courts. Moreover, Law No. 370/1994, which rescinds the validity of contracts that have already been concluded, retroactively interferes with acquired rights that according to our Constitution and according to international agreements that the Slovak Republic has ratified cannot be taken away. Thus, this method was, in fact, used to deprive the people concerned of those rights. The decision by the Constitutional Court returns everything to the status that existed prior to the adoption of this law—that is to say, to the status that existed prior to 3 November."

What does this mean for specific enterprises?

"Legally, we are entering two different situations. Where an agreement had already been concluded, its rescission is rescinded. In other words, the contract is valid, as if it had been concluded prior to adoption of Law No. 370. In other cases, decisions were made, by government resolution, to make a direct sale. The validity of these resolutions can be rescinded by the government by adopting new resolutions—or, as long as it does not do this, the situation will continue in accordance with the valid legal status. Of course, where conflicting cases arise, they can be decided only by the court."

According to the Constitution, the National Council of the Slovak Republic was supposed to harmonize the above law with the Constitution. How could this be done?

"In this case, the entire law loses its effectiveness, which means that it can no longer be followed, and all relationships based on it that arose are no longer valid. In this case, where an entire law is involved, the National Council of the Slovak Republic should abolish it, and if it does not do so, then the law loses its validity. That is to say, it ceases to be part of our legal system."

Can the government and the National Council of the Slovak Republic disregard this decision?

"If it were to be disregarded, then the basic problem arises in those cases in which contracts have already been concluded. If someone were to disregard it and appropriate something that already belongs to someone else, he could sue for legal protection before any court. As far as other decisions are concerned, the government is in charge of the further privatization process until such time as an agreement is concluded."

Defense Chief on Overflights, Bosnia Problems

LD0808214395 Budapest Duna TV in Hungarian 1845 GMT 8 Aug 95

[Studio interview with Hungarian Defense Minister Gyorgy Keleti by an unidentified announcer—live or recorded]

[FBIS Translated Excerpt] [Announcer] Our guest is Defense Minister Gyorgy Keleti. [passage omitted] I have heard from several sources that in the morning of Sunday 6 August, a squadron of fighter aircraft flew over Budapest. Was this a normal training exercise? Could it be linked to the situation in Yugoslavia.

[Keleti] I do not think anything like that happened. This morning's report, which is supposed to be a report to the minister and the commanders of the Hungarian Army on the movement of those forces, did not include such an item. Thus I am convinced that the level of the alert of the Hungarian Air Force was not stepped up to such an extent that it would have resulted in Hungarian fighters flying over the capital. Let me say that no other form of alert level has been raised either, because Hungarian airspace has not been violated by foreign aircraft nor have they flown sufficiently close to the border to require the expansion of our air force on alert.

[Announcer] Obviously it is the politicians' job to make the next move, to hold negotiations on the Yugoslav crisis. However, what can be expected in the future from a military point of view? [passage omitted]

[Keleti] [passage omitted] The various power balances have been rearranged in some way, not only in military but in political terms, too. For, we have witnessed that neither the Bosnian Serbs nor others helped those fighting in Krajina. For me, this represents a new political power relationship.

We continue to hold the view—and it is the official and thoroughly considered position of the Hungarian Republic—that such conflicts can be settled only through peaceful means and through political negotiations. Nobody in history has ever succeeded in solving, once and for all, ethnic issues or questions of territorial claims by means of arms.

This, in turn, means that Hungary will continue to urge a political settlement and will, in its own way, participate in forcing a political settlement. For, we hold the view that we do not wish to get involved militarily in this conflict because that would threaten the security of the Hungarian Republic but, similarly to other countries in this region, we have a duty to urge a political settlement. [passage omitted]

[Announcer] [passage omitted] It may be recalled that NATO reconnaissance aircraft could use Hungarian airspace. Could that happen again in the near future or in the future at all?

[Keleti] An agreement between the Hungarian government and NATO exists, according to which the NATO AWACS planes carry out patrolling duties in Hungarian airspace. Such duties are determined by a NATO plan. The goal of the patrolling duties is to control the air exclusion zone over Bosnia, as stipulated by the UN Security Council. In other words, the action is not meant to find targets on the ground, but at enabling the implementation of a Security Council resolution.

Therefore, I think that the Hungarian Government will have to examine the issue if NATO demands it. However, no withdrawal or new situation of any kind has developed, because the Security Council resolution is still valid and fighting on Bosnian territories has not ceased. [passage omitted]

I cannot say whether the crisis will last for another few months or another few years but I fear that unless the number of supporters of a political solution increases in the region the crisis will last for years yet. [passage omitted]

Official: Krajina Fighting Poses No Danger

LD0708184995 Budapest Kossuth Radio Network in Hungarian 1600 GMT 7 Aug 95

[FBIS Translated Text] Ferenc Somogyi, Hungarian foreign affairs state secretary is optimistic. He believes that the resumption of the fighting in Krajina does not pose a danger to Hungary. Andras Vig interviewed the state secretary.

[Vig] The foreign affairs state secretary said there were incidents of sporadic fighting only, and they did not pose a danger to Hungarian citizens on vacation on the Croatian coast.

[Begin Somogyi recording] We think that approximately another day has to pass before the Ministry of Foreign Affairs can issue a communique saying that we are not considering restrictions on travelling to Croatia necessary. [end recording]

[Vig] Meanwhile, the Krajina Serbs asked the OSCE officials to make an urgent decision on the immediate suspension of aid supplies to Croatia. The foreign affairs state secretary said the OSCE member states held different views on the latest developments of the southern Slav war therefore, no joint action can be expected in the matter. Ferenc Somogyi said some countries are against the military offensive, but others agree with the restoration of Croatian sovereignty in areas occupied by Serbs.

Expert Analyzes 'Downfall' of Krajina Serb Forces

AU0808141895 Budapest NEPSZAVA in Hungarian 8 Aug 95 p 9

[Interview with Peter Deak, military policy expert at the Security Policy and Defense Research Center, by Peter Barabas; place and date not given: "It Is in the Interest of Croatia To End the War as Soon as Possible"]

[FBIS Translated Text] *The Security Policy and Defense Research Center has been continuously following the events of the war in Croatia. We asked military policy expert Peter Deak about the conclusions that they have drawn.*

[Barabas] How do you explain the rapid collapse of the Krajina Serb forces?

[Deak] It has been characteristic of the Croatian military policy style over the past two to three years to carry out relatively well prepared and not too comprehensive military operations at a relatively quick pace, such as guaranteeing the consistent operation of the airfield in Zadar, the liberation of one highway sector, or the military operation in Western Slavonia. The current offensive is the largest so far and has been well prepared and organized.

The Krajina Serb forces' own weakness also contributed to their downfall. Only about 10,000 to 12,000 troops were operational out of the 40,000 troops that could be mobilized in this area. This was not quite a regular army. It did not have a developed mechanism, an administrative structure, or resources for development. At most, they had illegally smuggled weapons. It did not have any organizations and it inherited the military structure from the Yugoslav defense doctrine and local national defense forces. There were few officers who had served in the Yugoslav Army, because the defense troops in this area were Croats. This army was not suitable for a protracted defense; it could only be used to maintain the proclaimed Serb administration and for symbolic purposes.

However, the Croatian victory is taking shape more slowly than was expected in Zagreb. International pressure, fear of the effects of the war on tourism, and countermovements by the Bosnian Serbs are hindering activity. In addition, one should not forget that this is not an all-out war.

The Croatian success lies in the structural quality and power differences between the two forces. The Croatian Army has become considerably stronger in recent years, partly as a result of domestic arms production and partly because of the supply of weapons in violation of the embargo.

[Barabas] Why has Belgrade failed to come to the Serbs' aid?

[Deak] In order to create a certain political prestige and also because of Russian pressure, Milosevic took the position of absolute depolitization and noninterference. This is the main line of his policy today. This includes the fact that he has rather dropped Karadzic who, although originating from Montenegro, represents the Chetnik side of Serbian nationalism, rather than the communist side. Recently, Milosevic has been increasingly relying on General Mladic, the military leader of the Serbs in Bosnia. Milosevic would like to get rid of Karadzic, who is on a confrontation course with Mladic. The fact that Karadzic has taken over the army command from Mladic also indicates this trend.

Milosevic is now in the particular situation in which, actually, he is the good guy who is calling for a political solution and the Russian forces are also carrying out their mediation through him. Meanwhile, almost everyone has condemned the Croats. The fact that the United States failed to condemn them on this issue of internal aggression originates from the fact that the U.S. Administration does not want totally to confront the Congress over voting for lifting the arms embargo on Bosnia.

One should also be aware that the Yugoslav People's Army is not in the position today to be able to support ongoing activity in the region. They must preserve the little power that they have for the prospect of a similar offensive to restore Croatian administration to Eastern Slavonia and the Baranya triangle, regions that border Hungary.

[Barabas] What next? How will the Croatian events affect the situation in Bosnia?

[Deak] The Croats will take possession of the territories under siege. However, their operation cannot last too long, because that would bring too many casualties. There are already a lot of refugees, which the Croats did not count on, and this is turning international public opinion against them. The extremely strong condemnation by [Austrian Chancellor] Vranitzky is the most interesting one, but the German reaction is also worth noticing: By recalling their tourists, these countries actually have ordered a tourist embargo on Croatia that will cost it many millions of dollars. Therefore, they will try to end the war as quickly as possible and they will also be satisfied with partial results, which they will declare as full results.

However, the tension cannot subside for two reasons. One, because of the dormant emotions of Serbs who stay behind and, two, because the emotional reactions of the Serbs in Bosnia will continue. I am not thinking of terrorist actions, however, because this is not part of the Serbian combat style, and they do not have the developed technology for this.

Court's Decision on Bokros Package Analyzed

95CH0307B Budapest HETI VILAGGAZDASAG in Hungarian 8 Jul 95 pp 9-12

[Article by Gyorgyi Kocsis: "House on Fire; Constitutional Court on Bokros Package"; boxed items by Endre Babus and Patricia Molnar]

[FBIS Translated Text] The Socialist-Liberal government must find new solutions by dismantling the system of welfare services of a Socialist ilk if it does not want to discredit the policies it pursued in recent months. At the same time, the decision of the Constitutional Court [AB] which annulled the Bokros package did not come like a bolt from the blue: The government, the coalition parties, and the president of the republic should have been able to foresee its direction based partially on its earlier decisions, but especially on the arguments of the opposition in parliament.

The paragraph of the law on the AB which stipulates that judges be elected for a term of not less than 9 years, i.e., for more than two complete election cycles, was written with not a little foresight. It provided a new opportunity to demonstrate how volatile fortune is: Members of the opposition, who took it amiss that there was an authoritative body able to veto even the decisions of the supreme forum of public law elected by the people at the time when the August body thwarted the plans of the previous government coalition, can rejoice now at the AB's decisions refuting the intentions of the parliamentary majority.

In the "great learning process of society" associated with the political rotation, the fact that in 1990 the National Assembly elevated a not directly political institution above itself, and invested it with the right to define the limits of its own scope of action, is beginning to prove fairly useful. To be sure, parliament could ultimately repeal that right, but that in itself could be interpreted as an overt sign of calling the constitutional state into question. Therefore, the governments and the political forces supporting them are usually forced to accept, though reluctantly, the decisions of the "gownsmen's assembly." To be sure, most of the time thoughts are so "loud" that they can be heard outside of their heads: The job of the AB is easy, because it does not have a responsibility comparable to that of the government.

It is a fact that the Socialist-Liberal government has painted itself in a corner between the economy and the law to such an extent that even its collapse is not inconceivable. The insupportability of the former promises of Socialism has become obvious before the change of regime, and the situation was only made more difficult by the general recession accompanying the transformation. However, the Antall government, which called itself conservative, attempted to preserve its popularity in the manner of the Kadar regime by, among other things, maintaining social services which increased the country's indebtedness, with a result similar to that of its predecessors.

At the outset, the Horn government followed in the footsteps of its predecessors: The coalition parties did not state either in their election promises, or in the government's program, in a way understandable to the average person, either that the change of regime meant a fundamental and complete dissolution of Socialism, or that this transformation which was accompanied by enormous convulsions, would have to be implemented in extremely difficult economic conditions. A nine-month-long futile and hopeless search for the "easier road" was succeeded by a recognition of the prime minister that the "house" was indeed on fire. And because the flames have already shot high, a real job of extinguishing started, but in the dense smoke and the rush, the firemen were poorly able to tell whether the item they left to fend for itself was only a dilapidated piece of furniture or perhaps a fainted infant.

The mistakes of the fireman when forced to make quick and correct decisions are obviously not excused by the fact that he did not set the fire, but of course, he cannot then take the position of sitting back doing nothing while the building and its tenants perished, lest he make a mistake. It seems that the Socialist-Liberal government which started to act in the 24th hour, should race against time: It must formulate the guidelines of the 1996 budget before the results or failure of the March "package" becomes known, and the plans for next year are based on the view that the economy is already operating under the assumptions of the March package, even though not inconsequential portions of the measures cannot even be implemented due to decisions by the AB.

In the fall of 1989, when the the constitution was rewritten, the national roundtable concentrated primarily on the democratic political and human right, while the economic principles laid down in the Socialist constitution remained practically untouched. Now, in the perhaps steepest stretch of the change of regime, it is the AB which marks the milestones, practically en route, and thus its decisions—at least that is the impression from the outside—are led not only by the interpretation of the constitution in force, but also by the personal opinion of the constitutional justices about a democratic market economy, which is not necessarily identical with that of the government.

The government, charging ahead, is not necessarily blazing the trail in the direction in which the AB thinks appropriate, and the coordination of the direction is complicated because the AB, due to the method of its operation, only gives a reply if someone asks a question, but then, there is no appeal. Therefore, if only for political reasons, the government does better to acknowledge the authority of the supreme justices, and to ask them first, especially if it is apparent that many of its subjects indicate that they themselves want to make sure that the direction was correct. This behavior presumably makes sense from an economic point of view, as well, because it makes it possible to avoid roundabout ways which involve unnecessary expenses. Considering the speed of development at its place of origin, the Russian saying, "Measure seven times and cut once," does not seem to be an example to follow, but it does not hurt to measure at least once even here, in East-Central Europe. From this vantage point it is difficult to explain the lack of anxiety on the part of the SZDSZ which is so concerned with constitutionality as a result of its genesis, and of President Arpad Goncz.

All the more so because, although the "constitution of the market economy" is not yet complete, in view of the AB's earlier positions, one could have had a fair chance in predicting that there would be a "problem" with the parts of the Bokros package which the AB refused earlier and now. Even laymen could have concluded from earlier AB decisions—for instance, in connection with the media law—that direct involvement in the staffing of higher education and of television was unconstitutional, because it is apparent that the court considers the protection of the autonomy of institutions independent of the government extremely important. Lajos Bokros, in his "25 points" published at the time of his appointment, supported a state guarantee for social insurance, which indicated that he placed an emphasis on strengthening the element of solidarity in the chaotic system of social insurance which mixes the principles of solidarity and insurance in a fairly arbitrary and unjust way. The measures he put in his package also indicated this intention, even though in its earlier decisions quoted in its present justification the AB unequivocally supported strengthening the insurance character of social insurance.

In connection with the AB's evaluation of the measures planned concerning child benefits, child care allowance, and child care pay, one should have at least considered the views of the AB published primarily in connection with abortion, which did not hide the fact that the body did not abandon traditional views in the matter of the protection of families, mothers, and children. And if there was ever a sure bet, it was certain that the government would step on the toe of Laszlo Solyom, President of the AB, in intending an extended utilization of the personal number.

Incidentally, the consistency of the AB can hardly be criticized this time: Since the AB allowed the government ample time to prepare for the new situation in the matter of the utilization of personal numbers, the court now calls the government to task for facing its citizens with a fait accompli. Namely, the major criticism of the AB against relevant parts of the Bokros package, ignoring for the time being the examination for content, is that the people were forced practically without any transition into a new, less advantageous economic situation.

Of course the situation is somewhat awkward, because it was not the measures of the government's stabilization package canceled by the AB which (would have) put the population in a disadvantageous position "without transition"; this was accomplished without much ado by the devaluation of the forint by 9 percent in March, and the introduction of the 8 percent surtax. The harsh financial measures which were greeted by a broad circle of professionals and were only criticized sporadically by social interest groups, make up a much greater part of the Ft165 billion budget deficit reduction planned for this year than the social package, and they can be blamed for the approximately 30 percent loss in the value of the forint this year, although inflation is known to be an economic process which redistributes social income in the most unjust, but legal, way. But since it seems to affect everyone in the same way, and since Hungarian society got used to the phenomenon of inflation "much like a natural catastrophe" to a certain extent in the past 10 years, it bristles the social mood less than direct, personal intervention by the government which redistributes social services.

From this point of view, as well, the weeks the government devoted to formulating an answer presumably to the verdict of the AB are accompanied by an extraordinary number of question marks. The coalition can hardly shrug, giving free way to a larger deficit planned in the supplementary budget. Not only because doing so would endanger next year's budget, and incidentally, this year's agreement with the International Monetary Fund, but also because it would retroactively discredit its economic policy which tightened the citizens' belts. By further inflating incomes, which seems appealing, it would embark on a dangerous journey, the risks of which it depicted innumerable times. The few 10 billions which the AB "saved" for society this time cannot be consumed; at most, one can reach into other, "constitutional" pockets, just as the government finally "solved" the problem by reducing subsidies for higher education. However, observers wouldn't swear on it that this research will not be conducted under a new "brand name" after Bekesi and Bokros.

[Box, p 10]

Puzzling Institution]

The loss of prestige the Horn cabinet suffered when the AB annihilated several points of the Bokros package which was to introduce an economic shock therapy, on the grounds that it was unconstitutional, only hours before it was to come into effect, is comparable to the partial annihilation of the first compensation law of the Antall government (June 1991) and the complete liquidation of the Zetenyi-Takacs justice law (March 1992). The harsh measure of the AB is remarkable, because, so far, the institution usually took a noncommittal stand in connection with the citizens' social rights, and it rarely raised objections to various economic measures of the government. For instance, it illustrates this noncommittal attitude that on 10 September 1991 the AB declared in a decision that it regarded only the operation of a system of social insurance as a constitutional requirement, while the "techniques" of the funds for social insurance expenses were beyond the scope of the issue of constitutionality, because the constitution contained no concrete guidelines to this effect.

Even before that, on 6 June 1991, in the matter of the memorable housing interest tax, the constitutional justices stated that the right to social security as declared in Article 70/E of the constitution "does not mean either an insured income, or that the citizens' standard of living, once achieved, would not decrease as a consequence of unfavorable economic circumstances." And even earlier, on 18 December 1990, Laszlo Solyom in a parallel opinion voiced his conviction that Article 70/E did not afford anyone a subjective (and thus, enforceable) right to social security. "Related subjective rights must be determined by legislature (and jurisdiction)," the president stated. Compared to the above mentioned preliminaries, last Friday the AB told the coalition with remarkable determination, referring to legal security and acquired rights, why it thought the techniques with which the "cabiment," i.e., the cabinet and its parliamentary majority, intended to erode a number of social rights were unconstitutional.

The AB's decision is curious also because the institution has, perhaps, never made such a quick decision in such an involved case. Only 15 days passed between the time the law was published and the handing down of the decision in the Donat Street court. The AB's quick veto could evoke in outsiders the idea of government by the Constitutional Court, but after some flirting with it, the institution officially gave up that idea years ago (HVG, 27 April 1991). Should the AB "broadly interpret its sphere of authority" to explain the regulations of the constitution, "this...would inevitably lead to the AB assuming the responsibility of both the legislative and the executive power and, contrary to the organizational principles of the state developed in the constitution, a sort of government by the AB would evolve," the justices themselves signaled the danger as early as 18 December 1990 in a decision. At any rate, after last Friday, when in order to temper the Bokros package, the velvet-gownsmen suspended several points of the economic emergency measures, one can again hear voices that the AB actually wants to operate as the second legislative chamber in Hungary. The difference compared to earlier years is only that while in the previous cycle all of this was mentioned by Laszlo Salamon, the MDF-member president of parliament's committee on constitutional law, this time the criticism was voiced by the current leader of the organization, Peter Hack, SZDSZ representative.

When searching for the motive force behind last Friday's decision by the AB, one can hardly ignore that the Bokros package intended to sweep away one of the AB president's favorite decisions, the "judgment" passed in April 1991 about the prohibition of the personal number. Namely the cabinet wanted to extend the possibility of using the complex identification code in Hungary both in space (to areas outside the state sphere) and in time (instead of until the "permitted" 31 December 1995 until the end of December 1999). This negation of the AB decision, which counts as a milestone in Hungarian information law, practically amounted to a declaration of war with the AB, turning the constitutional inquiry into the Bokros package into a trial of strengths. By annihilating several points of Law No. XLVIII of 1995, the AB gave the government a slap of Makarenko [an educational slap] which may remind it in the future, as well, that the power of the AB might set obstacles before the coalition's intentions.

Of course it might be explained by other than psychological motives why the AB became seemingly instantly sensitized to social rights. It is indubitably true that within the institution there has existed for years a not negligible minority opinion according to which the state has important obligations to guarantee the social security of its citizens. In 1991, proponents of the latter view—constitutional justices Geza Kilenyi, Andras Szabo, Imre Voros, Janos Zlinszky—lost 5:4 in a dispute about whether the proportional increase of pensions must keep pace with the compensation of wages under the circumstances of increasing inflation. The four justices in favor of the principle of proportional distribution of the burden voiced their different opinion back then in opposition to the majority which intended to watch over social rights much like "night watchmen": "The constitutional right to social security is not only a program." Two years later, in April 1993, in the course of considering a similar proposal, the opposition between the "socially sensitive" justices and the "night watchmen" became even more pronounced, leading to another decision refuted 5 to 4.

Incidentally, the two clashing positions are well illustrated by the dissenting opinion of constitutional justice Geza Kilenyi: "The constitution...does not precisely define the concept of social security. However, this does not prevent the implementation of constitutional justice any less than the lack of explanatory rulings on the constitutionality of the state, human dignity, or the freedom of the press.... I consider it regrettable that until now the AB has devoted considerably less attention to the right to social security than this right deserves on account of its outstanding social significance," Kilenyi asserted.

The Bokros package turned out to become the common denominator where the opinion and the interests of socially sensitive justices met with those of the entire AB regarding social rights. This may very well be the reason why the nine constitutional justices, in contrast to several decisions on similar topics, handed down a unanimous decision in the matter of economic emergency measures, which was only supplemented by Janos Zlinszky's parallel opinion appended to the basic decision.

—by Endre Babus

[Box, p 12]

There is Judgment

Last week's decisions by the AB forced the staff of the finance and justice ministries to work overtime because, according to the finance ministry, they will have to come up with ideas to replace 30-40 billion forints' [Ft] worth of income in a manner which does not violate constitutional criteria, by the cabinet session on 6 July, after we go to press. Moreover, because of the extraordinary session planned for August, the vacation of representatives is also not likely to be unclouded. But even those who were favorably influenced by the AB's decision can only breathe a temporary sigh of relief, because the finance minister's first reaction suggests that they will not be able to escape the burdens.

Although, of the 29 proposals which were submitted by the time the decision was announced on 30 June, the AB rejected the ones which requested the annihilation of the entire stabilization package because of the shortcomings of the law's development and preparation, the insecurity surrounding the heap of laws under Lajos Bokros's name has not abated even after the decision. Namely, because of the shortness of time (the law was announced on 15 June, the steps for its implementation, on 17 June, and they were to become effective on 1 July) the constitutional watchmen only handed down decisions on criticized passages involving broad segments of the population which would have resulted in significant changes. The institution will continue to review in the fall the content of proposals, the number of which is growing each day. On the other hand, the constitutional justices considered some of the restrictive measures (for instance, the ones concerning child care benefits or the division of the burden of illness between employer, employee, and insurer) unconstitutional only because the legislators, in violation of legal security, did not leave sufficient time for the individuals concerned in the matter to prepare and accumulate reserves.

At any rate, after 1 July, pregnancy allowance, pregnancy aid, child care pay, child care allowance, child care benefits, and child benefits must be paid according to the earlier system. For the same reason, only the financial risk of 10 working days per year and per employee can be shifted to the employer. If the employee becomes ill, in contrast to parliament's decision which would not have given any pay for 3 days in 1995, and 5 days thereafter, he will not remain unprovided for even for a single day. Individuals who are not entitled to sick leave (for example, self-employed people) are still entitled to sick pay from the first day of their inability to work (the stabilization package would have allowed this only after the 25th day).

However, from the justification of the majority of the AB's decisions which prevented the law from coming into effect, it is not evident how long a time period can be judged sufficient from the point of view of the constitution for the concerned parties to prepare for the shifting of the burdens and risks. The constitutional watchmen only give some points of reference for the transformation of short-term maternity and child care benefits (pregnancy allowance, pregnancy aid, child care pay, child care allowance, child care benefits); in other cases, such as child benefits or the distribution of the burdens of social insurance, they rely on the wisdom of parliament to determine the period of preparation.

The aforementioned short-term entitlements cannot be restricted in the cases of children already born or born within 300 days of 15 June (i.e., the announcement of the stabilization package). At the same time, the constitutional justices emphasized in their justification that there is no constitutional reason why these entitlements, which are now due on the basis of citizenship, cannot be transformed into services based on need. This is one reason why the institution did not annul—although it had not yet examined closely—the measures of the stabilization package which determine the entitlement or the degree of entitlement dependent on the net income per family member. Perhaps this is why the welfare ministry and the health insurance company made statements to the effect that one might still need the forms to verify income which have already been printed for Ft20 million, distributed at the workplaces, and filled out by many.

Incidentally, according to the gownsmen, the constitutionality of individual changes also depends on whether social provisions reach a "minimal level" which can be demanded according to the constitution (but which is not further numerically defined), or whether it clashes with the prohibition of discrimination. (For instance, the stabilization law only inquires into the income and property situation of families with less than three children.) Similarly, there are several possibilities for a later decision by the constitutional justices on the reduction of services containing an element of insurance (such as, for instance, a part of the child care benefits). The justifications of AB decisions frequently contain the concept of "proportionality," according to which a disproportionately large portion of already paid contributions cannot be devoted to "solidarity," i.e., to services to others.

Disproportionality was the reason why parliament failed the test of constitutionality when it intended to increase the accident contribution by part-time companies and individual businesses from the current 10 percent to 44 percent, because the 44-percent accident contribution would have entitled the individuals in question to a considerably narrower range of social insurance services than the total of 54 percent paid for full time employees.

In the decision of constitutional justices the sine qua non of disproportionality would have been reached by exacting contributions from royalties, performer's fees, and fees paid for intellectual creations, because the 44 percent intended to be levied on such income would not have been counterbalanced with any services. Thus, the AB found this "tribute" unconstitutional and annulled it. The discriminatory parliamentary decision which determined the minimum of social insurance contributions of a business to be paid in proportion to the academic qualifications of the employees suffered a similar fate.

In spite of the insecurities, the AB decisions seem to outline the scope of action by legislation, but the finance minister's statements to the effect that the billions outstanding due to the constitutional justices' decision would be collected from the originally targeted segments already suggest concrete measures. Thus, beyond abolishing the tax reduction for royalties, as already announced, it is conceivable that social insurance will be obligatory in this area, as well, this time coupled with services; that social insurance contributions will be increased, and that child benefits will be taxable. Experts also consider an increase of the general sales tax and the abolishment of certain GST-reductions possible.

—by Patricia Molnar

Silajdzic Explains Resignation Decision

LD0908092695 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 2000 GMT 8 Aug 95

["Excerpts" of interview with Prime Minister Haris Silajdzic by Senad Hadzifejzovic; place and date not given—recorded]

[FBIS Translated Text] [Hadzifejzovic] Mr. Prime Minister, you are here among other things because you have offered your resignation as prime minister. I maintain that a newscast is not a place where we can elaborate this in detail, and we believe that you deserve a program which our viewers can see tomorrow. We will announce the time. We nevertheless expect an explanation of your decision.

[Silajdzic] I am surprised that my explanation has not been publicized. We in the deputies' club discussed this for five hours. I presented not only the explanation, I also had suggestions. Regrettably, it was announced that there is no explanation. An explanation exists. If we talk tomorrow, well, briefly. If I cannot perform my duty it is better for me not to be here. That is all.

[Hadzifejzovic] We will talk about this tomorrow. It is clear from a letter written to you today by our writer [name indistinct], which is an emotional, almost intimate letter addressed to you, and then from all reactions by political parties, organizations and people in power, it is clear from all those that you enjoy popular support. Which raises the question, do you have a right to resign?

[Silajdzic] As far as concerns Mr. [name indistinct], our good writer, I would like to ask him whether he can write without a pencil. If he can write without a pencil then I, too, can be a prime minister in the way I am right now. On the other hand, do I have the right? This is a good question. I believe I have the right and the duty in line with the Constitution to resign when I believe that I cannot ensure the implementation of policies and the enforcement of laws. In which case I have the right as well as the duty to resign.

[Hadzifejzovic] I have more questions, but now I would like to ask you one [words indistinct] as we shall talk about that tomorrow.

[Silajdzic] There is just one thing. I cannot forget Bihac. This is such a good piece of news that it leaves me speechless. There is another thing, though, on the negative side. A lack of rule prevails. We have to win a victory over Serb terrorism and Serb fascism regardless of anything else. I have heard that some people are saying that they want to leave Bosnia-Herzegovina and so on if I resign. No way shall I leave Bosnia. I am staying in Sarajevo, here in Bosnia.

Second, my explanation was not voiced because I did not want to discuss in public, particularly in the presence of foreign reporters, matters which are purely of an internal nature; I have not accepted their calls and I will continue to stick to this. There should be no talk with foreigners about what is going on internally among us. This is why there were no routine statements.

The most important thing, though, is to continue our struggle against Serb terrorism and fascism, not against the Serbs, loyal people who wish to live with us. But, yes against Serb terrorism and fascism.

UBSD Urges Reconsideration

AU0808201095 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 8 Aug 95

[Report on news conference by the Union of Bosnia-Herzegovina Social Democrats on 8 August by Mladen Bosnjak; place not given—recorded]

[FBIS Translated Text] Apart from satisfaction with the results of the military actions of the Croatian Army, 5th Corps, and the Croatian Defense Council [HVO], [words indistinct] Brahimpasic conveyed the stance of the Union of the Bosnia-Herzegovina Social Democrats [UBSD] regarding the resignation of Prime Minister Haris Silajdzic and a possible Tudjman-Milosevic meeting at the invitation of President Yeltsin.

Mr. Silajdzic has made a considerable imprint on Bosnia-Herzegovina's foreign and domestic policy. The UBSD supports his past stance and his entire work, respects [words indistinct] as a personal decision, but is also firmly convinced that the present circumstances within Bosnia-Herzegovina do not make it a suitable time for tending resignations.

In the foreign affairs sphere the resignation might result in lessening sympathies toward Bosnia-Herzegovina, that is, in an even firmer resolve of those disposed unfavorably toward our country. Apart from this, as opposed to some others, the UBSD believes that the (?personality) of the prime minister is not exclusively an issue of the strongest political party but an issue concerning all citizens and all parties.

Because of these and some others [word indistinct], the UBSD demands that the prime minister explain in detail [words indistinct] and regardless of whether he withdraws his resignation or not, [words indistinct] that led to his resignation must be removed. [Words indistinct] the current prime minister or another [words indistinct] or a new one can rule effectively.

Regarding Yeltsin's initiative for the Tudjman-Milosevic summit, the UBSD in this initiative sees yet another Russian attempt to legalize what has been captured with the Serbian arms and an attempt to keep the earlier agreement about the division of Bosnia-Herzegovina. The party leadership [word indistinct] that Dr. Tudjman will not accept the invitation for the Moscow summit, however, if he nevertheless accepts is, that he will honor all the agreements signed with Bosnia-Herzegovina and not forget the suffering inflicted by the Serbo-Montenegrin aggressor upon the Croatian and the Bosniak people.

Sacirbegovic on Refugee Influx, Yeltsin Offer

AU0808192395 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 8 Aug 95

["Excerpt" from news conference by Foreign Minister Muhamed Sacirbegovic in Zagreb on 8 August—recorded; Sacirbegovic speaks in English with superimposed translation into Serbo-Croatian]

[FBIS Translated Text] [Sacirbegovic] It is perfectly clear that the demographic structure will change as a result of this river of refugees. However, those who could have influenced it did not do so and did not respect the integrity of our country. We are very grateful that the Republic of Croatia guaranteed the security of these people, especially the civilians, and urged them to stay at home. We do not accept UNCRO [UN Confidence Restoration Operation in Croatia] working without our consent and transferring the population, especially the soldiers, from Krajina to Bosnia-Herzegovina. Several thousands of these Serbian so-called soldiers are now arriving in our country. We expect that UNCRO will do what it has promised to do and consult our government. Namely, all this creates a new military situation in our country, which might undermine all the efforts for peace and everything that has been accomplished over the past few days. The Serbian soldiers are being encouraged to go to Bosnia-Herzegovina where they will be able to take revenge for their losses in Croatia.

Regarding the offer of the Russian Government, it seems to me that they always try to play two against one. I believe that the Republic of Croatia will not tolerate this game being played any further, and I believe that it will work to promote peace in this part of the world. That is why one must speak in the name of all three sides, Croatia and Bosnia-Herzegovina on one side and Serbia and Montenegro as the countries that encouraged and participated in this war.

Let me return to the first question. We expect that the Split Declaration will continue to remain in force. Namely, the consequences of Croatia successfully establishing sovereignty and integrity on its territory will help stabilize the situation in Bosnia-Herzegovina. The purpose of [words indistinct] has always been to work for the benefit of both countries.

[Unidentified correspondent] Can you tell us a little more about the status of Fikret Abdic and the report that the 5th Corps torched five villages?

[Sacirbegovic] I have just returned from Bihac. On the way back, I saw a great number of [changes though] I saw that a great number of Abdic's men had surrendered and accepted the amnesty offered. [Words indistinct] continues and we are trying to reintegrate the population into Bosnia-Herzegovina, the civilians and the soldiers alike.

Regarding Abdic's personal situation, he is still [words indistinct]. Our country considers him a person who committed high treason and this will be treated as an internal problem of our country.

Views Relations With Zagreb

MS0908084495 London ITV Television Network in English 1800 GMT 8 Aug 95

[Report on interview with Foreign Minister Muhamed Sacirbegovic by Zeinab Badawi on 8 Aug; from the "Channel 4 News" broadcast—recorded; Badawi in studio, Sacirbegovic in Zagreb]

[FBIS Transcribed Text] [Badawi] A short time ago I spoke to Bosnia's Foreign Minister Muhamed Sacirbegovic who's currently in the Croatian capital Zagreb. I asked him whether he was concerned that Croatia could now start to encroach on Bosnian territory?

[Sacirbegovic] Croatia's success in Krajina has been brought about by a strategic alliance with Bosnia-Herzegovina. I think this would be killing the success and that it has allowed both of us to more successfully address the aggression that's coming from Serbian Montenegro. Beyond that I think the long-term strategic interests of the two countries, logic, geopolitics, history, dictate that the strategic alliance continues rather than in fact victimized Croatia now becoming a menace.

[Badawi] Well, you brought up the long term. In fact we have heard reports this week that President Tudjman sketched on the back of a menu at a banquet plans to eventually carve up Bosnia between him and Serbia.

[Sacirbegovic] First of all I think that question should be asked of President Tudjman, as to in fact did he do that, and, second, I have received assurances from the Croatian Government that this is not their position. My counterpart, Foreign Minister Mate Granic and I have enjoyed a very good working relationship, and on that basis I can trust that the assurances that were made are real.

[Badawi] Indeed, we saw evidence today of that goodwill that you talk about between President Tudjman and President Izetbegovic. What did they decide?

[Sacirbegovic] The talks will continue tomorrow. There were some talks today; I think some ideas were put forth. I will actually be involved in some preliminary talks as well over the next few hours and then hopefully tomorrow we will see further positive results. But the most important result is that today we had the first humanitarian convoy reach the people of Bihac and I've just came from there. The psychological situation is dramatically improved. They've gone from being, if I can call it, ducks in a barrel, to people who can feel that for the first time they are out of physical danger, but on the other hand there are new, very difficult conditions in terms of their need for food, medicine and other essentials of life.

[Badawi] Moving on to the Krajina crisis, there have been reports that Bosnian troops fighting in alliance with Croatian allies have shelled roads jammed with Serbian refugees, and indeed Bosnian troops have been accused burning Serbian villages.

[Sacirbegovic] We have no Bosnian troops in a position to do that. Our forces are very far away from that. So it's physically impossible to do what you're saying.

[Badawi] Finally, tomorrow the Bosnian Government is meeting to discuss the resignation issue of Prime Minister Haris Silajdzic. He is said to have differences with you and President Izetbegovic. Do these differences indicate policy differences?

[Sacirbegovic] I believe they are more indicative of a different fashion of doing business, and I consider that, most of us consider, what the prime minister has done here was in fact not a sincere resignation but an attempt at greater power. I hate to be so blunt about it. But there is no difference in philosophy about what the future of our country should look. Beyond that, we must protect democracy and power which cannot be concentrated in the hands of one man. It needs to be distributed among many authorities and in a time of war it is essential that our government work with authority vested in those hands which are best able to execute the policies of our parliament and of course the wishes of our people.

[Badawi] Will you be amongst those demanding that he withdraw his resignation?

[Sacirbegovic] I have because there is also a strong feeling that the prime minister has something positive to contribute, but I think we need him to think as a team player rather than someone who can dictate, including to the threat of resignation.

Muslims Reportedly Begin To Fear Croatians

LD0908122295 Belgrade TANJUG in English 1132 GMT 9 Aug 95

[Report by Stevan Cordas: "Muslims Are Afraid of Croatians"]

[FBIS Transcribed Text] Belgrade, Aug 9 (TANJUG)—After a brief spell of joy because of their success on the fronts in western Bosnia and around the southwestern Bosnian towns of Glamoc and Grahovo, Bosnian Muslims are beginning to fear their ally, Croatia. A cause of their serious concern has been Croatia's aggression on the Republic of Serb Krajina and occupation of Knin and some other Serb Krajina towns.

This suspicion and fear was voiced in Sarajevo by Muslim foreign minister Muhamed Sacirbegovic, who said that Croatia was turning from a "victim" into an objective danger, for Muslims, of course.

The Muslim leadership in Sarajevo has been particularly disturbed by a quite bizarre disclosure in London dailies of Croatian President Franjo Tudjman's vision of what Bosnia-Herzegovina is to look like in ten years. At a banquet at the London city hall, held on May 6 on the occasion of V-E Day, Tudjman drew his version of Bosnia's map for a British Member of Parliament. Judging by the map drawn on a menu, Tudjman hopes to get two-thirds of Bosnia, including Sarajevo, Banjaluka, and Bihac, and has reserved the remaining third for the Bosnian Serbs, leaving nothing for the Muslims.

It seems that Muslims have finally taken seriously a recent warning by Serbian President Slobodan Milosevic, who told the cochairmen of the international conference on the former Yugoslavia that Croatia was the biggest danger to peace in the Balkans. However, the question is whether Muslims have realized this too of late, because they have already been drawn into a federation with Bosnian Croats, with the perspective of being drawn into a confederation with Croatia as well.

In addition to this, Tudjman and Bosnian Muslim leader Alija Izetbegovic in late July signed an agreement under which Croatia is allowed to make military interventions in Bosnia. This is exactly what Croatia did in the regions of Glamoc and Grahovo, but when it launched an agression on Serb Krajina, Muslims realized what was going on.

According to initial European analyses, Zagreb is again dreaming about a "Greater Croatia," while Muslims are beginning to realize that Croatia's dreams, no matter how realistic they may seem, could soon prove negative for the Muslim side. However, Muslims and Croats do have something in common. A logic of war has taken precedence over a logic of peace in both cases. What remains to be seen is whether the circumstances will make the Muslims change their stand.

Army Takes Control of Border, Confiscates Weapons

AU0908150595 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 9 Aug 95

[FBIS Translated Excerpt] The fighters of the 5th Corps of the Bosnia-Herzegovina Army established control over all sections of the Bosnia-Herzegovina border last night. According to a report by Muhamed Mulic, large quantities of enemy weaponry were confiscated in the liberation of the Velika Kladusa region. Our correspondent has the details:

[Begin Mulic recording] Some of the Velika Kladusa paramilitary formations surrendered to the 5th Corps fighters, while the most radical ones crossed over into the region of the former Serb Krajina and experienced the same fate as Martic's Chetniks. While liberating the Velika Kladusa region, a lot of heavy weaponry fell into the hands of the 5th Corps: 105-mm howitzers, 122-mm and 130-mm [word indistinct], a (?T-55) tank, a large number of mortars, ZIS antitank guns, guns, and other weapons, as well as tons of ammunition. Thus has the western Bosnian paramilitary formation, just as the so-called Serb Krajina, fallen under fierce assaults of the 5th Corps of the Bosnia-Herzegovina Army.

However, since last night, Karadzic's Chetniks have been launching fierce combined artillery-infantry attacks along all front lines on Mt. Grmec [words indistinct] at the defense lines of the 5th Corps and the Ministry of Internal Affairs. Our Army fighters fiercely responded, so the enemy attempts to break through the defense lines were thwarted. [end recording] [passage omitted]

The 2d Corps Information Service reports that an extremely fierce exchange of artillery fire between units of the Croatian Defense Council and Serbian-Montenegrin aggressor took place on the Posavina front, on Pelagicevo and Obudovac, last night. Long columns of refugees from the newly liberated parts of the Republic of Croatia continue to pass along the corridor itself. The aggressor is taking advantage of the current lull for regrouping troops and military hardware. A long column of motor vehicles and armored pieces, as well as enemy helicopters flying over, were seen along the (Lipac)-Doboj line last night.

ICRC Chief Confident of Airlift for Refugees

AU0908113695 Paris AFP in English 1054 GMT 9 Aug 95

[Report by Dennis Barnett]

[FBIS Transcribed Text] Banja Luka, Bosnia-Herzegovina, Aug 9 (AFP)—Red Cross Secretary General Cornelia Sommaruga said Wednesday [9 August] he was confident of setting up within hours a vital air bridge from Belgrade to bring emergency supplies to tens of thousands of Serb refugees massed around this northern Bosnian town. "The authorities from all sides have given their agreement in principle" for the air bridge, Sommaruga said. "That includes the people enforcing the no-fly zone over Bosnia."

The move would temporarily lift both the NATO-enforced no-fly zone, and the internationally monitored trade embargo which sealed the border between Serbia and its former military ally, the Bosnian Serbs, last year. "There is a delay in the formalisation of all that, but we are ready with a plane in Belgrade, which I am still hopeful can come this afternoon, bringing the most urgent relief," said Sommaruga, who heads the Geneva-based International Committee of the Red Cross (ICRC).

"It's a major humanitarian catastrophe which needs the rapid and massive response from the whole of the international community," Sommaruga said after visiting the teeming Serb refugee camp of Rakovace Bare outside the city. "On the basis of our supplies here we have reached around 50,000 people in four days. Now we need to step up these efforts and that is the reason why we decided to open an airbridge," Somaruga said, as long columns of refugees continued to pour towards the city from the collapse Croatian Serb separatist state in neighboring Croatia. "We need urgent supplies of sanitation materials and water, because in a situation like this the water supply can quickly become contaminated, and food," he said.

Humanitarian officials have been unable to confirm the full extent of the exodus of Serbs from Croatia or the numbers of people still on the move. "My personal feeling, having been in the Serb part of Bosnia for the last 28 hours, is that 100,000 people are on their way to and around this Banja Luka belt," Soramuga said. "I have no reason to doubt the forecast of the local Serb authorities that we should prepare for 200,000 people or more."

Local Bosnian Serb authorities said some 220,000 to 240,000 refugees were on the road, although Croatian Government authorities say this is exaggerated and would represent more than the entire population of Krajina region. A spokesman for the UN High Commission for Refugges (UNHCR), Stefano Comazzi, said: "It is almost an exodus, the road coming from Petrovac (Croatia) is now impassable with colums of refugees 15-20 kilometres (nine-12 miles) long."

Serb police are preventing more refugees from reaching Banja Luka and trying to direct people to Derventa and Modrica to the east. "There are many empty villages around the area here and they are trying to direct them there," Comazzi said, referring to dozens of burned, bombed, and derelict villages which were purged of Croats in earlier fighting. "We are also concerned about the minority here," he said, referring to Bosnian Croats who survived the periodic surges of Serb ethinc cleansing and stayed on.

Life here for them has now become precarious. "5,000 of them are waiting to be evacuated by the ICRC," Comazzi said. "Refugees just came to their houses and kicked them out. We know of at least 10 villages where this has happened," he said. "We are working with the Catholic bishop's office here to try to help," Comazzi said.

The humanitarian agencies face a very delicate situation, he said. "So far no one has been able to leave. It isn't possible to put Croatians leaving the area here on the road with thousands of Krajina refugees coming the other way. Who knows what would happen." Croat families here had put their names on a list for evacuation in May following an influx of Serb refugees from western Slavonia in Croatia after that region fell in a surprise attack by Croatian Government forces.

The local authorities here estimate that around 4,500 refugees have been put up in private homes here, with thousands lining the road on the outskirts of the town, unable to move in the pitiful mesh of tractors, trailers, cars trucks and horse carts.

RS Reportedly Blocks Fuel

LD0808213095 Belgrade TANJUG Domestic Service in Serbo-Croatian 2045 GMT 8 Aug 95

[FBIS Translated Text] Belgrade, 8 Aug (TANJUG)—The government of the Republic of Serb Krajina [RSK] is unable to supply the columns of refugees with vital fuel because the authorities in the Serb Republic are requesting that tax, excise duty, and customs taxes be paid at border crossing points, Vukasin Egic, minister of energy in the RSK government, announced this evening.

The statement issued by the RSK government and sent to TANJUG says that transportation is the most acute problem for the refugees which are moving toward reception centers and that without gasoline, most of the approximately 20,000 cars, buses, trucks, and tractors which are on the road from Drvar, Petrovac, Prijedor, Banja Luka to Bijeljina. [sentence as received]

"Because of the lack of fuel for vehicles there is a big traffic jam with about 60,000 refugees near Petrovac, 50,000 refugees near Prijedor, and 40,000 near Banja Luka. This jam, caused by the lack of gasoline, has led to such a blockage of the roads that food, water, and medicines for the Petrovac and Prijedor area can only be brought in by air," the statement says.

"The RSK has sufficient oil derivatives and, with the help which is being sent from the Federal Republic of Yugoslavia, it can make available the necessary quantities. However, for reasons unknown to us, the government and leadership of the Serb Republic in Pale are preventing the movement of fuel tankers into Bosanska Raca and Bijeljina, because they are requesting the payment of tax, excise duty, and customs to the government of the Serb Republic in Pale."

The statement by the RSK energy minister stresses that the gasoline sent to the columns of refugees is not intended for sale but for free distribution, but that the tankers have been waiting to pass for two days now. "We cannot restrain our bitterness over this behavior by the government of the Serb Republic so we appeal to the public and to the citizens of the Serb Republic to help to facilitate transportation and make the necessary gasoline available to the stuck columns of refugees as soon as possible," the RSK energy minister's statement says.

Croat Planes Shell Refugees

LD0808214795 Belgrade TANJUG Domestic Service in Serbo-Croatian 2130 GMT 8 Aug 95

[FBIS Translated Text] Banja Luka, 8 Aug (TANJUG)—Three people were killed and a number of others wounded when two Croatian aircraft bombed a column of refugees from the Republic of Serb Krajina moving along the Novi Grad-Prijedor road.

The attack on the column of refugees from Kordun was carried out near the village of Svodna, 20 km west of Prijedor. An old woman, Marta Galogaza from Vrginmost, her disabled son Rade Galogaza, and another unidentified person were killed in the attack.

The wounded, including two children, are receiving medical help in hospitals in Prijedor and Novi Grad.

After the attack, Croatian MiG-21 aircraft strafed a column of civilians, harmless elderly people, women, and children.

This is the third Croatian Air Force raid against helpless people.

UN Worried About Shelling

AU0808194995 Paris AFP in English
1935 GMT 8 Aug 95

[FBIS Transcribed Text] Sarajevo, Aug 8 (AFP)—Serb refugees trying to flee Croatia for northern Bosnia were wounded in a shelling incident close to a border crossing, UN aid officials in Sarajevo said Tuesday. "The area where the refugees are was shelled some time before 2:00 p.m. (1200 GMT) and there have been casualties," said Mans Nyberg, a spokesman for the United Nations High Commissioner for Refugees (UNHCR). He did not give a figure for the wounded.

Nyberg said the attack took place in the area of Bosanski Novi on the border between Croatia and Bosnia. Following the Croatian Army's rout of the rebel Krajina Serb region in Croatia, thousands of Serbs have fled into neighbouring Bosnia. Some 30,000 had been trapped in a small area near Bosanski Novi and surrounded by Croatian Armed Forces and Bosnian Government troops in the Bihac enclave just to the west of the town. But a cease-fire signed later in the day Tuesday was to have allowed them to pass freely. Nyberg said the artillery shells could "have come from the Bosnian Army 5th Corps or the Croatian Army. We are extremely worried about this incident."

The UNHCR spokesman added that the latest assessment of those on the move was 200,000 people "including those in Croatia, Bosnia and those who have reached Serbia." In Belgrade, a government official said 15,000 Serb refugees had crossed the border into Serbia. "The large majority of these refugees are sheltered in reception centers, but some of them were taken in by relatives," Army official Tomica Raicevic was quoted by the TANJUG news agency as saying.

Meanwhile, the president of the International Committee for the Red Cross (ICRC), Cornelio Sommaruga, was able to reach an area where refugees were sheltering in northwest Bosnia in preparation for an airlift of humanitarian aid planned for Wednesday. "I am very stressed, in these few kilometers...(about) how many thousands of refugees are taking the way in direction of (Serbia)," he told reporters. "I want to take this opportunity also to recall to all parties concerned the importance of the respect to the basic rules of humanitarian law," he said.

Trains Requested From Serbia

LD0908122795 Belgrade SRNA in Serbo-Croatian
1222 GMT 9 Aug 95

[FBIS Translated Text] Bijeljina, 9 Aug (SRNA)—Endless columns of refugees from the Republic of Serb Krajina are continuing their escape to the Federal Republic of Yugoslavia through Semberija, and huge jams have been created along all roads.

Nedeljko Vujosevic, head of the Bijeljina office of the Serb Republic Commission for Refugees told SRNA today that due to the jams this office has asked the Republic of Serbia Rail Company to provide trains for the transport of refugees.

These trains would travel between Sid and Bijeljina, which would enable the exhausted people, mothers, children, and the sick to be accommodated in a reception center in Sremska Mitrovica as soon as possible.

Vujosevic said that 15,000 refugees from Krajina yesterday crossed through Semberija, and that the same number is expected today. "The office of the commission in Bijeljina is offering these unfortunate people aid in food, medicine, fuel, and medical services. One woman died in the column, and there are a large number of sick people who need urgent medical attention," Vujosevic added.

'Text' of Karadzic 'Open Letter' to Milosevic

LD0808152195 Belgrade SRNA in Serbo-Croatian
1355 GMT 8 Aug 95

[FBIS Translated Text] Sarajevo, 8 Aug (SRNA)—Serb Republic President Radovan Karadzic today sent an open letter to Serbian President Slobodan Milosevic, which the [Bosnian] Serb Republic bureau for press contacts has forwarded to SRNA. Here is the full text of the letter:

Mr. President,

At a time of destruction of a Serb state in a barbaric invasion by Croatian and Muslim troops, at the time when earth is being levelled on mass graves of Serb victims and when columns of hundreds of thousands of Serbs are seeking escape routes, I consider it my duty before God and the Serb people to address you.

Mr. President, if it is true that politics is the art of the possible, then you have not displayed great skill so far. It was possible to prevent the fall of western Slavonia, but this was not done for understandable reasons. Your media and your political puppets put the blame on the Serb Republic instead.

It was also possible to prevent the current aggression against the entire Republic of Serb Krajina. Instead, your regime has offered futile condemnations, which are in no way different from the hypocritical condemnations by the international community.

The present situation clearly shows that your efforts so far for the realization of Serb national interests were not genuine. In any case, it would have been possible to achieve these goals much earlier, immediately after the disintegration of Yugoslavia. Neither did our enemies have the strength to resist us successfully, nor did the international community have the political will and the necessary unity to halt us.

However, after the initial stage of reawakening the Serb nation and animating the entire Serb being, in general, for the defense of national interests, you betrayed your own ideas of all Serbs living in one state.

You have turned your back on Serbdom.

You started giving in to outside pressures to the extent that it became tantamount to treason. That is why the West declared you its big hope.

You had enough strength, which you still possess, to resist pressure and blackmail. We understand that the Federal Republic of Yugoslavia [FRY] is suffering under sanctions. But you do not seem to understand, or do not want to understand, that the sanctions continue to remain because of your policy of giving in to the international community.

I am afraid that, conscientiously or not, you have abandoned the Serbs of the RSK [Republic of Serb Krajina] and left it at the mercy of the Ustasha knife in an inexplicable belief that that was the way to save Yugoslavia and your position.

You kept undermining Serb strength in the RSK by your political games and army, over which you had direct influence. You deceived the people by guaranteeing a political solution and did your utmost to ensure that people like Mikelic [former RSK prime minister] and of similar ilk weakened the state and the people and left them so helpless, at the mercy of the Ustasha.

You are trying to do the same in the Serb Republic, as your letter to General Mladic indicates. Efforts of that kind do nothing for the unity of the Serb nation, so desperately needed at this moment.

Yugoslavia is a signatory to the Vance plan, which guarantees the safety of the Serb nation in the Republic of Serb Krajina until a political solution is found. While the RSK is disappearing before the onslaught of the neo-Nazi Croatia, which did not accept the political solution, the entire international credibility of Yugoslavia is also disappearing, just like your own.

You are mistaken if you think that the Serb Republic, under your embargo and the international embargo, can defend the RSK on its own. I am inviting you, while it is not too late, to use your influence over the Yugoslav Army to fulfill its obligations toward the RSK on the basis of the Vance plan. The entire Serb nation expects you to do so. The RSK can and must be liberated.

Mr. President, we may differ in our political and tactical assessment, but the western part of the Serb nation is now being destroyed and a huge human tragedy has been caused.

If this process west of the Drina River is not halted, it will not stop at the Drina either. You bear the greatest historical responsibility for the current developments.

You still have the chance to return to the defense of our national interest. You used to convince the world that the Serbs would not give in. They trusted you then. They will trust you again.

With respect, Radovan Karadzic, president of the Serb Republic.

Karadzic, Others Discuss Krajina Situation

LD0808145395 Belgrade SRNA in Serbo-Croatian 0458 GMT 8 Aug 95

[FBIS Translated Text] Sarajevo, 7 Aug (SRNA)—Radovan Karadzic, president of the [Bosnian] Serb Republic and supreme commander of its Army, told Serb television this evening [7 August] that "those who could and who had to help the Republic of Serb Krajina [RSK] have abandoned it and brought it to its present state."

President Karadzic explained that the [Bosnian] Serb Republic Army had not been in a position to take upon itself the complete defense of the RSK, but that it is now helping it as much as it can by receiving refugees, 160,000 of whom had already entered the Serb Republic.

Karadzic expressed his concern for 10,000-12,000 people still encircled in Kordun and Banija, and said that efforts are being made to release and evacuate them with the help of the international community.

According to Karadzic, "several factors from Serbia had directly destablized the RSK." He warned that the same factors are now present in the Serb Republic.

Momcilo Krajisnik, president of the [Bosnian] Serb Republic People's Assembly, said that this is the reason why "we are facing internal problems at this dramatic moment when we should be saving our state."

"The conclusions of the 52d Session of the Assembly are encouraging, as is the awareness that the people and the soldiers trust their leadership and are prepared to follow it to the very end."

[Bosnian] Serb Republic Vice President Nikola Koljevic said that "many people do not understand that if we fail to act as a state we will be a territory at the mercy of our enemies."

President Karadzic said that President Tudjman's map, published by the London THE TIMES, is generous to the Serbs, and added that he doubts that Serbian President Milosevic was involved. "The map's goal is to confuse, and our people should rest assured," Karadzic said.

"The map, drawn on a napkin by the Croatian president, is part of the psychological war. False reports are being disseminated in order to create panic among the Serbs, and people should not be deceived by them," Koljevic said.

Dr. Radovan Karadzic said he is confident that "we can and must guarantee our survival, since our aspirations are realistic and goals absolutely attainable. We already have our own state, and our task is to preserve it by respecting the system of subordination, the principle of leadership, unity, and of pursuing the right path. If 1.5 million Serbs are ready to persevere, and if we all remain determined and firm we can guarantee our future," Dr. Karadzic said.

Dr. Karadzic explained that the latest changes in the system of command are designed to unify the system of leading and executing tasks in the light of the lessons we learned from the experience of the RSK where, as a result of outside interference by certain forces, a rift was created among both the leadership and people. "What we have here is not a rift, but the fact that there was not enough coordination or awareness that orders must be carried out," Dr. Karadzic explained. He went on to stress that "he has no grudge with the Army, but a small number of officers are to be blamed for everything." The RSK president said that the Serb nation west of Drina has enough weapons, ammunition, equipment, and food to persevere along the path that will lead to the liberation all RSK territory.

Dr. Nikola Koljevic said that the Army must observe the principle of subordination, united leadership, and decisionmaking, and that it must respect the decision of the supreme commander. "Duality in power must be eliminated," Dr. Koljevic said.

Dr. Biljana Plavsic was unambigious when she blamed Serb President Slobodan Milosevic for the blockade on the Drina River. "The Serb people always feel that they own those who lead them, and insist on accounts being settled," Dr. Plavsic said, and went on to conclude that the [Bosnian] Serb Republic continues to persevere because "we have clear goals and exceptional motivation."

Momcilo Krajisnik said that "we must tackle the historical problem of discord among Serbs, but we will defeat it, persevere, and win, even if we have to do it on our own. We will win since, as RSK President Milan Martic said: We are condemned to win!" Krajisnik said.

Karadzic Denies 'Disputes' in Top Leadership

LD0908091695 Belgrade SRNA in Serbo-Croatian 0124 GMT 9 Aug 95

[FBIS Translated Text] Banja Luka, 9 Aug (SRNA)—Radovan Karadzic, president of the Serb Republic and supreme commander of its Armed Forces, resolutely denied reports on alleged disputes in the top leadership of the Serb Republic in Banja Luka last night.

"There are no disputes. We know very well what is the role of the supreme command, the supreme commander, the president of the republic, operational commanders, and headquarters. Everything must function in accordance with the law, all state institutions, the Presidency, the Assembly, the Government. They must respect each other," Karadzic said.

He said that today "there is not a single person among civilian and military officials in the Serb Republic who would make any unwise move which could bury Serb hopes and the state-building aspirations of the Serb nation. With full responsibility I can tell the people not to worry, there are no disputes," Karadzic said, and explained that "there are some working tensions but there are no disputes and there will be none until the end of the war and after it is over. We have no right to give up Serb lands, to abandon strategically important positions we captured in battle or to enable our enemies to attack us as in western Slavonia," Karadzic said.

He told Serb television that with the consent of his aides he had to write a letter to Serbian President Milosevic "so that the people can see that this is no game. We are in disagreement over the acceptance of the Contact Group plan, which no one mentions any more. If we had accepted the Contact Group's map we would have to withdraw to those lines some day," President Karadzic said, warning that in such an event more than 300,000 Serbs would have to move from those territories elsewhere.

"We have always respected the Serbian president. I cannot say that he has been slandering us, although his media and associates have been spreading many falsehoods about us, which is conducive neither to Serb unity nor to the struggle for the defense of the Serb nation," the Serb Republic president added.

Karadzic recalled that "as Milosevic was the one who initiated the Serb national renaissance, he should also conclude it. There is no doubt that everybody would rally around him again. He is a Serb leader who enjoyed the strongest support in the history of Serbdom. He could enlist it again, if only he said 'Enough!' to the enemy. Serb soil must be defended, Krajina must be liberated. Serbia and Yugoslavia are obliged to defend all Serbs," the Serb Republic President said.

The supreme commander of the Serb Republic Armed Forces described Croatian air raids against Serb refugee columns as "legitimizing the Croatian regime as fascist. I am positive about President Martic and our and their generals' determination to liberate the Serb Republic of Krajina, which was evacuated in an impermissible way, and to let Croatia know that, if need be, we will be liberating our land for the next 100 years," Karadzic said and warned: "Croatia will not know peace until the Serbs liberate their lands."

Stressing that the time has come for all Serbs to rise in defense of all Serb lands, President Karadzic announced the holding of a supreme command session today, which should also be attended by General Ratko Mladic.

Plans Liberation With Mladic

LD0908003395 Belgrade SRNA in Serbo-Croatian 2355 GMT 8 Aug 95

[FBIS Translated Text] Banja Luka, 8 Aug (TANJUG)—On his arrival in Banja Luka last night, Radovan Karadzic, president of the Serb Republic, expressed the firm resolve of the people, of the Army, and of the leadership of the Serb Republic to take every measure to liberate the temporarily occupied Serb areas.

"The Croatian aggressors will be punished in the way they deserve to be punished," the president of the Serb Republic said.

Asked by a reporter about the day's events in the western parts of the republic, Karadzic said that "for the time being the most important thing is to find accomodation for the refugees from the Republic of Serb Krajina" and called on the citizens of the Serb Republic to invite a family to their homes because their exile will not last long.

"The soldiers should return since we have already liberated Dvor na Uni and I hope we will soon liberate Kostajnica," the president of the Serb Republic added. He made it clear that the Serb Army is scoring successes on the Grahovo-Glamoc battlefield.

President Karadzic explained that he is planning together with Col. Gen. Ratko Mladic and other commanders of the Serb Republic Army to draw up a detailed plan for defending and liberating the occupied territories of the Serb Republic and the Republic of Serb Krajina and that he is going to spend much time at the headquarters of the Supreme Command.

"We have no right to say the Republic of Serb Krajina is lost," the supreme commander of the Army of the Serb Republic stressed and explained that "Krajina is occupied but we must not accept this loss as long as there are Serbs."

President Karadzic added that in the coming period he will deal less with state affairs and said that the government and Momcilo Krajisnik, speaker of the Serb Republic People's Assembly, will take on these obligations.

Serb Army Statement on 'Unity' Among Generals

AU0808171895 Belgrade Radio Beograd Network in Serbo-Croatian 1300 GMT 8 Aug 95

[FBIS Translated Text] The Information Service of the Headquarters of the Army of the Serb Republic [SR] has sent an announcement to TANJUG that points out that there is unity among all the generals of the army of the Serbs in Bosnia, and also their readiness to bring to an end the so-far successfully waged battle for the defense and freedom of their people. The expressed unity of the highest ranking Army officers and the absolute support of the fighters and the people are confirmations of the strength of the Serb Army and its loyalty to the people and its struggle, the announcement signed by Lieutenant General Milan Gvero, deputy commander of the Army of the Serb Republic, says. The announcement reads as follows:

Following the nonsensical, unnecessary, and damaging absolutist decision by President Karadzic on dissolving the Headquarters of the SR Army and replacing Gen. Mladic, which has caused and will cause major negative consequences for the people, the Army, and the success of the struggle, events have ensued that confirm the wrongness and destructiveness of such a decision. The president is fighting for a formal authority that he has, in fact, not been denied. He has replaced a successful general and minimized the role of all the generals and officers whose patriotism and capabilities had enabled him to be what he is.

Although he, himself, has realized that he made a wrong decision at the worst moment, the president continues to defend it. He convened an assembly session at which, after the deputies had been well prepared at a party meeting, unconvincing support for the decision was ensured. Although the deputies did not present a single argument to deny the speeches by the representatives of the Headquarters, their support for unity in battle, and a reversal of the decision, they tacitly supported the decision by their party leader and president out of their own interests and fears.

An official promotion of media support for this decision is under way. Many commanded arguments in support have been voiced in all the media, and leaders have been making statements and announcements exclusively about this. This political struggle against a successful army is using up the state leadership's entire time and energy. This is happening at the time of the disappearance of the Republic of Serb Krajina [RSK] before the fierce Ustasha offensive, an exodus of hundreds of thousands of Serb refugees, the fall of parts of SR territories, and other troubles.

During this time, Gen. Mladic, his associates, commanders, and Army have been exerting superhuman efforts to defend the territory from penetration by Ustashas and Muslims. Their status on the fronts is increasingly better. They have no time to wage an unnecessary political struggle and do not want to do so. Even if they had a need to express their views publicly, particularly recently, they have had no opportunity to do so, as their appearance in the SR media has been banned for several months already.

Despite all that, the people and the Army are united and ready to continue the battle imposed on them for the defense of the country, for freedom, and for an honorable peace. The people have an unscathed confidence in their Army and express that confidence spontaneously on every occasion. Army unity and the system of leading and command have been strengthened. The combat readiness has been maintained and motivation increased. Damaging propaganda influences and rumors among the people and the Army have been suppressed successfully. Everybody is doing their jobs: Some are leading a political harangue against successful military leaders and breaking up the unity of the people and the Army in the gravest times, others are defending the people and the country, devoted to the people's fate and interests, the announcement issued by Lt. Gen. Milan Gvero says.

Tudjman Decorates Izetbegovic, Sacirbegovic

LD0808121395 Zagreb Radio Croatia Network in Serbo-Croatian 0900 GMT 8 Aug 95

[Report by Andjelko Perincic from the presidential palace in Zagreb]

[FBIS Translated Text] President Franjo Tudjman has awarded Alija Izetbegovic, the president of the Presidency of the Republic of Bosnia-Herzegovina, the Grand Order of Queen Jelena with sash and star, and Muhamed Sacirbegovic, the minister of foreign affairs, the Grand Order of Duke Branimir with chain.

On the Croatian side, the ceremony was attended by Hrvoje Sarinic, Nedeljko Mihanovic, Nikica Valentic, Mate Granic, Gojko Susak, Bosiljko Misetic, Gen. Zvonimir Cervenko, and many others. On the Bosnia-Herzegovina side, present were Kresimir Zubak, Kasim Trnka, General Rasim Delic, and others.

On behalf of the diplomatic corps accredited to Croatia, the ceremony was augmented by Ambassadors Peter Galbraith [of the United States], Horst Weisel [of Germany], and Diryal Batibay [of Turkey].

Speaking at the ceremony, President Tudjman said that the orders were a sign of recognition to Messrs. Izetbegovic and Sacirbegovic for contributing to developing relations between the two countries and implementing the Washington Agreement. Cooperation between Croatia and Bosnia-Herzegovina and the Croatian and Bosniak people is not of importance for bilateral relations alone but also for the defeat of the Serb aggressor, in which the two countries have the support of the Western democratic world and the Islamic countries, our president said.

The first results of our cooperation are a motivation to further develop bilateral relations, he said.

Expressing his gratitude for the order, President Izetbegovic noted how he can confirm that cooperation between Croatia and Bosnia-Herzegovina is his country's strategic commitment and that it can be a stimulus in the increasingly successful struggle against the common Serb aggressor.

Following the ceremony, Croatian-Bosnia-Herzegovina state talks began and are still going on.

Addresses Awards Ceremony

LD0808171895 Zagreb Radio Croatia Network in Serbo-Croatian 1300 GMT 8 Aug 95

[Address by President Franjo Tudjman at an awards ceremony for Bosnian President Alija Izetbegovic and Bosnian Foreign Minister Muhamed Sacirbegovic in the presidential palace in Zagreb on 8 August—recorded]

[FBIS Translated Text] Mr. Izetbegovic, Mr. Sacirbegovic, Your Excellencies, Ladies and Gentlemen:

The high awards that I have just bestowed on Mr. Alija Izetbegovic and Mr. Sacirbegovic on behalf of the Republic of Croatia represent Croatia's recognition for the contributions Mr. Izetbegovic, as the Bosnian president, and Mr. Sacirbegovic, as the Bosnian representative in the United Nations and also as foreign minister, have made to the development of friendly relations between Bosnia and Croatia, and especially to the development of events which led to the signing of the Washington Agreements on the creation of the federation between the Bosniak Muslim and Croat peoples in Bosnia-Herzegovina and the confederal links between this federation and Croatia.

This agreement, and this friendly cooperation between these peoples and between Bosnia and Croatia are of vital interest not only to the Bosniak Muslim and Croat people but they are also in the broad international interest in terms of crushing the aggression we had to face and establishing a (?new) international order, something which the countries both of the Western and Islamic world are interested in.

I am pleased to be able to recall that these awards have been bestowed, on behalf of Croatia, on other officials and representatives of the Croat and Bosniak peoples as well. Of these officials, Mr. Kresimir Zubak received his award at an earlier ceremony; Mr. Izetbegovic was not able to be present when we presented all of the awards. I am also pleased to recall that we also have here the representatives of the United States, Germany, and Turkey, those countries which advocated friendship [between Croats and Muslims] and the Washington Agreements, under the auspices of the United States and accompanied by the active participation of Germany and Turkey but also other countries. This led to the strengthening of our relations and to paving the way to the crushing of the aggression and the creation of new preconditions for a stable peace in future.

The first results, friendly relations and the revitalization of the Washington Agreements on the creation of the federation, have brought about not only cooperation between the Croat and Bosniak peoples in Bosnia and deeper cooperation between Bosnia and Croatia. These results have also been seen recently, in particular, in terms of military support, and they are the basis for the future of our friendly relations.

This, as I have said, is of vital interest not only for us but for the world that wants to find a way out of this crisis as soon as possible and end Serb aggression which still wants to achieve its imperial aims, to the detriment of Bosnia-Herzegovina and Croatia. In this respect, our efforts enjoy the support of the democratic world both in the Western and in the Islamic world, and, as a result, today's aim, by developing cooperation between our two peoples and our two republics, is to realize our commitment and firm desire to find a way out of the war and be able to devote ourselves to developing our countries and strengthening the peaceful order in this part of Europe.

I congratulate you once again for these highest Croatian awards. I hope that relations between the Bosniak and Croatian nations develop in the most fruitful way in the interest of peace and in the interest of our peoples.

Tudjman: Izetbegovic Should Attend Moscow Talks

LD0908112095 Zagreb Radio Croatia Network in Serbo-Croatian 1100 GMT 9 Aug 95

[FBIS Translated Text] The office of the Croatian president has issued a statement saying that Russian President Boris Yeltsin sent an invitation to Croatian President Franjo Tudjman to attend negotiations with Serbian President Slobodan Milosevic, which should be held in Moscow.

President Tudjman has always supported all initiatives and negotiations that could lead to peace and normalization of relations with Serbia on the basis of mutual recognition. The Croatian president further maintains that such a meeting should be prepared more thoroughly and that it should also be attended by Alija Izetbegovic, president of the Bosnia-Herzegovina Presidency, the statement says.

Envoy Previews Moscow Summit

LD0908092495 Warsaw Third Program Radio Network in Polish 0700 GMT 9 Aug 95

[FBIS Translated Text] Slobodan Milosevic and Franjo Tudjman, presidents of Serbia and Croatia, have accepted the invitation from Russian President Boris Yeltsin to take part in a meeting in Moscow. Earlier the British press reported that the two politicians from former Yugoslavia had come to a secret agreement which allegedly envisaged the partition of Bosnia: the incorporation of Krajina by the Croats and of eastern Slavonia by the Serbs.

Ivan Brnelic, Croatia's ambassador to Poland, has described the rumors about the partition of Bosnia between Croatia and Serbia as crude allegations. The Croatian diplomat, a guest of Radio Three, said that his country would do everything possible to enable the Croatian Serbs to return to their villages if they so wish. The Croatian ambassador said that the current exodus of Serbs from the areas taken over by Croatia is incomprehensible.

Brnelic did not rule out Croatia's aggression against eastern Slavonia, now occupied by the Serbs:

[Begin recording] [Brnelic in Serbo-Croatian with superimposed Polish translation] I think that our success will make the Serbs reintegrate those areas peacefully. We shall attempt to convene negotiations on this issue immediately. Only if such peace negotiations fail might another act of aggression take place. However, I am convinced, I believe, that such an act of aggression will not take place.

[Correspondent] What is the aim of the meeting in Moscow between Serbian President Slobodan Milosevic and Croatian President Franjo Tudjman?

[Brnelic] Ladies and Gentlemen, this could be an interesting idea. But I think that our president will not go to Moscow just for a trip, if he decides to do it. In my opinion, the only reason could be that Milosevic would then recognize Croatia's borders, the way they have been recognized by the international community. [end recording]

Granic Agrees to International Access in Krajina

BR0708153095 Madrid EL PAIS in Spanish 7 Aug 95 p 3

[Article by Ignacio Cembrero: "Zagreb Says It Will Allow Work of United Nations and Humanitarian Organizations"]

[FBIS Translated Text] Geneva—In victory one can be magnanimous. Croatian Foreign Minister Mate Granic announced yesterday in Geneva that the offensive in Krajina will end today, something which events overtook hours later. Apart from the cease-fire, he said yes to all the requests made by his Spanish counterpart Javier Solana. Of these requests should be highlighted access to the region (which the Serbs conquered in 1991 and which the Croats are now taking back) by the United Nations, the Red Cross, and 180 nongovernmental organizations (NGO's) already operating in that country.

Solana was put in charge of reading out the text, on behalf of the Fifteen, to the Croatian representative. He did it in the Palace of Nations in Geneva, accompanied by the mediators for the former Yugoslavia, Thorvald Stoltenberg from the United Nations, and Carl Bildt from the European Union, as well as by Hans van den Broek, the commissioner in charge of East Europe. According to an estimate by UN experts, the overwhelming majority of the almost 120,000 inhabitants who remained in Krajina were Serbs. So far one-fourth of the population has fled, but it is likely, according to Granic's predictions, that up to 95 percent will leave. He acknowledged that this would be the biggest flight by civilians in such a short time since the war began four years ago. He guaranteed the right of return to all those who are now opting to leave.

This important concession by Granic to Solana was accompanied, moreover, by the commitment to once again facilitate the work done in the region by all humanitarian organizations, something which Zagreb did not do when it seized western Slavonia in May.

The Croatian minister also agreed to respect human rights "using European criteria," and to apply the Croatian Constitution and the Law on the Protection of Minorities in the area conquered. He publicly presented his apologies to the United Nations for the three dead Blue Helmets (Solana protested vigorously against the harassment to which the Danish contingent was subjected) and promised, lastly, to investigate "resolutely" these events, as well as the accusation of indiscriminate bombings made by the Croatian Army.

However, behind closed doors, Granic rejected reports of the cruelty of Serb [as published] artillery attacks against Knin, the capital of Krajina. He maintained that only military objectives were attacked and that, when the attack began, it was already a deserted city. Bildt proposed that the International Tribunal for War Crimes in the former Yugoslavia make a decision on what truly happened in Knin.

"I believe that we have obtained some commitments," said Solana satisfied at the end of the meeting. In his entourage there was emphasis on the importance of a review of the authorization given to the United Nations and NGO's to return to Krajina, where they have "a very large humanitarian task facing them," the minister said. Their presence will make it possible to prevent massacres.

Other concessions obtained from the Croatian minister were not so far-reaching. The right of return does not mean anything to the tens of thousands of refugees who abandoned their places of residence under tragic conditions, nor does the immediate application of the Law on the Protection of Minorities guarantee anything. It also applies in Zagreb, but everyday a handful of Serbs leave the Croatian capital so that they do not have to continue feeling like second class citizens.

According to Granic, Zagreb has nothing to negotiate with the Serbian soldiers of Krajina, although UN military sources said that far from having disappeared the Army of this self-proclaimed republic will now attempt guerrilla warfare, operating out of the mountains. He also ignored the plan drawn up by the EU, the United States, Russia, and the United Nations to grant Krajina a wide range of autonomy within Croatia.

His next objective is to initiate a dialogue "with the Serbian authorities in eastern Slavonia on peaceful reintegration" into Croatia, Granic said. Zagreb's true intentions regarding this oil-rich region located within Croatia's recognized borders, with which it has borders similar to those which it has with Serbia, but which has been closely linked to Belgrade economically since its conquest by the Serbs in 1991, are giving rise to serious questions.

Emboldened, perhaps, by military success, Croatian President Franjo Tudjman, may be tempted to retake this region by force, but it does not seem very likely that Serbian President Slobodan Milosevic will just stand by with his arms folded, since, unlike Knin, Slavonia is a territory that borders on Serbia.

Reprisals in Mostar?

Among the many virtues which Croatian Foreign Minister Mate Granic attributes to the military offensive in Krajina is the fact that it has strengthened the Croatian-Bosnian Federation, highlighting the cooperation between the armies of Zagreb and Sarajevo. Now, however, the Bosnian Serbs feel directly threatened by the overwhelming Croatian success in this region, which, for the time being, will prevent them from taking the enclave of Bihac.

In order to boost the morale of its population, to which many Serbian refugees have been added, and demonstrate its force they may be tempted to strike a symbolic blow. To do this, mediators involved in the conflict in the former Yugoslavia and Spanish diplomats fear that Radovan Karadzic's men will choose to bomb the symbol of the federation, i.e., Mostar, the half-Croat half-Muslim capital of Herzegovina which has already seen some shells fall from the surrounding mountains. The city is administered by the European Union and some 1,450 men of the Spanish contingent are deployed on both sides of the Neretva River that runs through it. They are also deployed nearby in Medjugorje and Dracevo.

UN To Deploy Observers

AU0808161795 Paris AFP in English
1554 GMT 8 Aug 95

[FBIS Transcribed Text] Geneva, Aug 8 (AFP)—UN human rights observers are to be deployed in Krajina, the Croatian region recaptured from rebel Serbs by Croatian troops in a lightning offensive at the weekend, a senior UN official said Tuesday. Jose Ayala Lasso, UN

Commissioner for Human Rights [UNHCR], said in a statement that a team was already active in Knin, the "capital" of the breakaway republic that the rebel Serbs had established. Observers would meet Wednesday in the southern sector of Krajina if security conditions permitted.

The measures were being taken to prevent human rights violations, he said. The statement said he "expresses grave concern...(and) is appalled at the loss of life, injury, and hardship suffered by the civilian population."

UN spokesman in Geneva Therese Gastaut said Tuesday morning the team sent to Knin "had sufficient freedom of movement." A total of four teams will be sent to Krajina, two for the northern sector and two for the south.

Each team would be made up of an official from the Centre for Human Rights, a civilian police officer, a UN military observer, and a civilian officer from the United Nations Confidence Restoring Operation in Croatia.

Cease-Fire Accord Reached

AU0808162095 Paris AFP in English
1611 GMT 8 Aug 95

[FBIS Transcribed Excerpt] Zagreb, Aug 8 (AFP)—Croatia and the remaining Serbs still fighting in the north of the Krajina region reached a cease-fire agreement on Tuesday, a day after a similar one collapsed, a UN official said.

The new accord is designed to end fighting on a road between the towns of Topusko and Glina, 60 kilometers (40 miles) south of Zagreb in an area where the remaining Serb resistance was stiffest, a UN official said on condition of anonymity.

The Red Cross says around 50,000 Serb refugees are caught in a crossfire in the area, as well as 20,000 Muslims who fled an area of Bihac where Bosnian government forces crushed rebel Moslem forces on Monday.

Under the new cease-fire agreement, the Serbs are to surrender their weapons to Croatia under UN supervision in exchange for talks on opening up a corridor for Serb civilians and unarmed soldiers to cross over into Bosnia, the UN official said. [passage omitted]

Army Screens Refugees

AU0808123195 Paris AFP in English
1217 GMT 8 Aug 95

[Report by Adrian Brown]

[FBIS Transcribed Excerpt] Sarajevo, Aug 8 (AFP)—UN officials fearing a repeat of an attack in Bosnia on refugees fleeing fighting in Croatia tried Tuesday [8 August] to negotiate a local cease-fire in an area where up to 50,000 refugees are trapped between several warring factions. Some 10,000 refugees, have massed around a UN compound in Topusko, close to Croatia's border with northwest Bosnia. Another 30 to 40,000 are stuck on a road leading from a border crossing point further east at Dvor up to the town of Glina, which is in Croatian hands.

One UN officer described the scene as a "sea of people." Intermixed with the civilians who are mainly women and children are the remnants of the Krajina Serb Army. Their forces were crushed by a massive Croatian Army offensive launched last Friday to retake the rebel Serb area. Many Serb officers though have fled to Bosnia leaving behind leaderless and fractious Serb troops, UN officials said. "The situation is very very bad and very volatile. People are frightened and angry," UN spokeswoman Susan Angle, speaking from Zagreb, said.

Closing in on the area is the Croatian Army and Bosnian Government troops from the Bihac enclave in northwest Bosnia where a three year Serb siege has been lifted. Some of the refugees are Muslims loyal to the rebel warlord Fikret Abdic, whose forces battled with government troops for two years. UN officials said some Serb houses were burning near to where government soldiers had retaken ground.

Angle said UN attempts to arrange a local cease-fire were proving difficult "as there doesn't seem to be anyone who can order the Krajina troops to stop firing." Sporadic clashes were breaking out between the Serbs and the allied Croat and government forces, Angle said.

UN spokesman Alexander Ivanko said the Croatian Army is controlling the border crossing point at Dvor in order to "screen the refugees for possible members of the former Krajina Serb Army."

On Monday, five people died in an attack on a refugee column travelling further to the south inside Bosnia between the towns of Bosanski Petrovac and Kljuc. Eyewitnesses blamed the Croatian Air Force for launching the attack. Zagreb has denied the allegations.

The exact number of refugees is unknown, but estimates have ranged to beyond 200,000. However, realistic assessments put the river of refugees as around 150,000 people.

In Geneva, Ron Redmond, spokesman for the UN High Commissioner for Refugees, said people were on the move in the Krajina area, in northern Bosnia and as far as Serbia proper. [passage omitted]

In Banja Luka dehydration and rising tension among the refugees, some of whom were armed, was increasing "the potential threat" to the city's Croat and Muslim minority, an aid agency spokesman said.

Half a million non-Serbs lived in the greater Banja Luka region before the war but the bulk of them were chased from their homes by the Bosnian Serbs in the early stages of the Bosnian conflict. The operation, openly backed by the Bosnian Serb leadership, become known as "ethnic cleansing."

364 Soldiers Captured

LD0808214895 Belgrade TANJUG in English 2117 GMT 8 Aug 95

["Pool" item]

[FBIS Transcribed Text] Zagreb, Aug. 8 (TANJUG)—Croatian Interior Minister Ivan Jarnjak told a press conference Tuesday [8 August] evening that 364 Krajina soldiers had been captured by this morning. After initial interrogation, 43 prisoners were released, 29 were taken to investigative prison, so that there were 283 of them in six camps on Tuesday morning. The minister said representatives of the International Committee of the Red Cross could enter these camps.

Jarnjak also said agreement had been reached on the surrender of some Krajina units which are in the area of the regions of Banija and Kordun in the north of the Republic of Serb Krajina. He said the surrender of these units would be carried out under supervision of the United Nations peace force. After they lay down their arms, the soldiers should be allowed unhindered passage to Bosnia, but Jarnjak said he was not familiar if such conditions had been exchanged.

Eyewitnesses confirm that Muslim troops, who entered Krajina to help Croats in their aggression on this Serb state which began on Friday, were torching Serb villages, but Jarnjak said he did not have any such information.

10,000 'Still Surrounded'

LD0808192995 Belgrade SRNA in Serbo-Croatian 1819 GMT 8 Aug 95

[FBIS Translated Excerpt] Banja Luka, 8 Aug (SRNA)—Rajko Lezajic, speaker of the Republic of Serb Krajina [RSK] Assembly, told SRNA today that around 200,000 Serbs have been evicted in the Croatian aggression and that more than 10,000 civilians are still surrounded by Ustasha forces in Kordun.

The Serb Army is fighting fiercely to lift the blockade of these civilians who are surrounded in the vicinity of Topusko, in Kordun, Lezajic said in a statement made in Banja Luka. [passage omitted]

Commenting on the swift occupation of the RSK, Lezajic said that Krajina is able to defend itself, but with help from all Serb lands. "I personally do not know why the order on the sudden withdrawal of our army before our enemy was issued. I asked for a counteroffensive with which, unfortunately, our army command disagreed explaining that we had neither weapons nor manpower to defend ourselves," the Krajina Assembly speaker said. [passage omitted]

Granic: Situation in Eastern Slavonia 'Untenable'

LD0808214095 Zagreb HTV Television in Serbo-Croatian 1945 GMT 8 Aug 95

[Phone interview with Mate Granic, deputy prime minister and foreign minister, by studio host Branimir Bilic with studio "guests" Ivica Kostovic, deputy prime minister, and Adalbert Rebic, Croatian minister in charge of refugees, in a Croatian TV special broadcast on the current humanitarian situation in Croatia, in Zagreb—live]

[FBIS Translated Excerpt] [Bilic] Good evening Mr. Granic. I have several questions for you. What is Croatia's current international political standing in the wake of Operation Storm?

[Granic] Our position is increasingly favorable, particularly in geostrategic terms. Croatia is becoming a very important player, an inevitable player for the restoration of peace in this area. [passage omitted]

[Bilic] What is the current negotiating position of Croatia in the light of the successfully completed action, what about the admission of Croatia in international, primarily European integrations?

[Granic] Time will have to pass until one sees how the establishment of civilian authorities is proceeding. That is the most important issue. The observation of international humanitarian law, at this moment this is the most important thing for our republic with regard to our admission to the European Union.

On the other hand, Croatia's negotiating position has significantly improved. Not only Croatia's, but also in the wake of the signing of the Split declaration and after this military operation, the negotiating position of Bosnia-Herzegovina. Nothing is as it was a few days ago, in other words, at present Croatia is an inevitable player for the restoration of peace.

[Bilic] What stance is Croatia going to assume towards Belgrade in political and military terms, because of the occupation of eastern Croatia and high degree of tension in that part of Croatia, and what is its stance toward Sarajevo going to be like? As far as I know, you had official talks with high-ranking Bosnian officials this evening.

[Granic] As far as Belgrade is concerned, our stance is unchanged, that is mutual recognition within internationally recognized borders. As for Bosnia-Herzegovina, our cooperation is improving daily. The implementation of the Split declaration is increasingly effective.

[Bilic] How do you assess the less and less frequent rumors voiced by some political and media circles that have condemned Croatia of evicting the Serb population from Croatia, even though we are aware that something else is happening, the Croatian authorities are calling on the citizens to remain loyal to their state.

[Granic] I think that all the answers have been given by Minister Kostovic and Minister Rebic. It is clear that the whole thing was organized, and that militarily means were used for the evacuation of civilian population. It is out of the question that any form of ethnic cleansing took part here. To the contrary, the Croatian Government is calling on all Croatian citizens of Serb nationality, on all civilian population to return, of course providing they accept the Croatian Constitution and Croatian laws.

An increasing number of people have been contacting our representative office in Belgrade expressing the desire to return. I believe that all the important international players are aware of it. It is very clearly visible from today's statements by President Clinton and Mr. Martinez, chairman of the Assembly of the Council of Europe. More and more people look at it from that aspect, that this military operation has significantly moved the possibility of finally restoring a just peace in this area.

[Bilic] And finally, what is the United Nations reaction towards Croatia going to be like?

[Granic] On day one [of the operation], on Russia's initiative, a presidential statement was adopted. After that Russia put forward a resolution demanding punitive measures in addition to condemnation.

However, I can inform you that 10 to 15 minutes ago, the Security Council finalized a draft resolution by the Contact Group that does not go beyond the presidential statement. In other words, there will be no punitive measures against Croatia.

[Bilic] When is Croatia going to liberate its eastern parts, Baranja for instance?

[Granic] The current situation is untenable. That is a state of a classic military occupation by Belgrade. We shall try to negotiate with the Croatian Serbs from this area, never again with Babic, Martic, or anybody else, exclusively with the population of that area, with the assistance of the international community. In any case, we shall not allow the situation of permanent occupation to continue. We believe that our current international rating is such that everybody will take what we are saying seriously.

[Bilic] Thank you very much for taking part in our special program on humanitarian situation in the wake of Operation Storm.

Envoy: Zagreb Will Not Attack

LD0908110395 Belgrade TANJUG in English 1039 GMT 9 Aug 95

[FBIS Transcribed Text] Belgrade, Aug. 9 (TANJUG)—Croatia's Ambassador to the United Nations Mario Nobilo said in New York Tuesday [8 August] that he had informed the Security Council president that Croatia's troops would not attack eastern Slavonia, part of the Republic of Serb Krajina. "It is not the intention of my government to launch an offensive in (UNPA) Sector East, because that is rather sensitive," REUTERS quoted Nobilo as telling reporters. Nobilo said his government intended "to put (the sector) into the whole peace package."

Eastern Slavonia is the only part of the Republic of Serb Krajina which has not been occupied by Croatia's army. Croatia occupied the Serb Krajina region of western Slavonia in early May, forcing 15,000 Serbs to flee. In the latest aggression launched last Friday, it occupied the northern and southern parts of the Republic of Serb Krajina, a UN Protected Area (UNPA), effecting an exodus of about 240,000 Serb civilians.

The UN Security Council has expressed concern that any attempt on the part of Croatia to take eastern Slavonia would lead to the spreading of the conflict.

Serbs Report Croat 'Aggression'

AU0808153595 Belgrade Radio Beograd Network in Serbo-Croatian 1300 GMT 8 Aug 95

[FBIS Translated Text] Here is the latest report from the (?information center) of Slavonia, Baranja, and Western Srem. Here is (Vojislav Simic) reporting (?on that) from Vukovar:

[Simic] The public announcement [words indistinct] Slavonia-Baranja Corps: This morning between 0300 and 0600 hours [0100-0400 GMT], (?Croatian Army) opened small-arms and artillery fire at the (?defense lines) of the (Slavonia-Baranja Corps), particularly at the [name indistinct]-(?Nustar) and Osijek-Tenja lines.

There have been no casualties, and the units of the Corps have adequately responded to all provocations.

The second announcement of the Slavonia-Baranja Corps reads as follows: During the night between 7 and 8 August, the Croatian Army used weapons and, in a very crude way, forced members of the UN Peace Force to evacuate (?10) checkpoints [word indistinct] on their side and thereby perpetrated aggression against these forces. [words indistinct] always stressed that the [word indistinct] UN forces will (?demand protection) by NATO in case of a need to protect their forces, so it is justifiably expected in this case that NATO forces will respond adequately.

Croatian Tank Attacks Repelled

LD0908090095 Belgrade SRNA in Serbo-Croatian 0809 GMT 9 Aug 95

[FBIS Translated Text] Vukovar, 9 Aug (SRNA)—The Serb Krajina Army repelled a number of Croatian Army attacks on eastern Slavonia, Baranja, and Western Srem last night, the command of the Serb Krajina Army's Slavonia-Baranja Corps reports.

According to a statement forwarded to SRNA, the first tank and infantry attack was launched at around 2200 near the village of Divos. The enemy attack was successfully repelled and an armored personnel carrier belonging to the Croatian Army was destroyed. A number of occupation troops were killed and wounded.

The Croatians launched a rocket attack at 2215, firing 15 missiles from a multiple rocket launcher on Baranja. The Serb Krajina Army responded adequately, firing at selected enemy targets.

Croatian units opened sporadic sniper fire along the entire demarcation line on the eastern Slavonia front this morning.

Two Serb soldiers were wounded in last night's clashes.

Officials View Bosnian Fears of 'Secret Deal'

AU0808194395 Paris AFP in English 1913 GMT 8 Aug 95

[FBIS Transcribed Excerpt] Sarajevo, Aug 8 (AFP)—Bosnian President Alija Izetbegovic, currently on a two-day official visit to Zagreb, is attempting to clarify Croatian President Franjo Tudjman's stance on Bosnia's future, diplomats in Sarajevo said Tuesday. "The Bosnian authorities have serious fears about their future" after the Croatian Army's victory in Krajina and "Izetbegovic wants to clarify certain points of the Split military cooperation accords," one diplomat said.

Under the July 22 agreement, Croatia promised military assistance to the Bosnian Moslems to prevent the fall of the Bihac enclave to the Serbs. The two met Tuesday, but no details were available of how their discussions went off.

Bosnian Government officials have been quick to denounce Tudjman's territorial ambitions over the past few days amid rumours that he has cut a secret deal with Serbian President Slobodan Milosevic on dividing up Bosnia. However the Bosnian foreign minister, accompanying Izetbegovic on his visit, said he was certain that Croatia would refuse such a division of Bosnia.

Speaking to reporters in Zagreb, Muhamed Sacirbegovic said: "It is certain that Croatia will refuse the division of Bosnia which could only weaken the two countries." His remarks were contracted by Bosnia's ambassador to London, Muhamed Filipovic, who Tuesday told the Sarajevo newspaper OSLOBODJENJA: "The possibility of a surfeit of appetite on the part of the Croatians is a realistic hypothesis. We are in favour of an accord between Moslems and Croats for a federation but nothing more," he added. "We will oppose any attempt to legitimize the extreme ambitions (of the Croatians) as well as a Serbo-Croat accord to the detriment of Bosnia." [passage omitted]

During his visit to the Croatian capital, Izetbegovic was decorated with the highest Croatian distinction by Tudjman before visiting the Bihac enclave, northwest Bosnia, where a siege by the secessionist Serbs has been partially lifted by Croatia's offensive. Foreign Minister Sacirbegovic said the population of Bihac was holding up with "a good morale," but that they were physically exhausted.

The Bosnian Government earlier expressed concern after seeing thousands of displaced Serbs chased out of Krajina and moving to reinforce secessionist Serbs in Bosnia. Bosnia considers an influx of Serbs could increase the disadvantage of the Bosnian Army in the face of Bosnian Serbs, who are much better equipped, but are less numerous than the Bosnian Army. Sarajevo wants the Zagreb government to handle this problem directly, and observers believe the issue was raised in Tuesday's meeting between Tudjman and Izetbegovic.

The lack of response by Belgrade to Croatia's Operation Storm offensive to seize back Krajina from secessionist Serbs has fuelled speculation the two capitals had cut a deal under which Serbia would leave Croatia a free hand with its rebel Serbs in the Krajina region in exchange for possession of the oil-rich eastern Slavonia region. [passage omitted]

London Ambassador Denies Deal

MS0908093795 London BBC Television Network in English 2130 GMT 8 Aug 95

[Interview with Ante Cicin-Sain, ambassador of the Republic of Croatia to London, by Kirsty Wark; from the "Newsnight" broadcast—live]

[FBIS Transcribed Text] [Wark] With me in the studio is the Croatian Ambassador Ante Cicin-Sain. Can you just tell me straight away your reaction to Mr Lukovic's [Executive Editor VREME MAGAZINE] final point that a deal was struck by president Milosevic and president Tudjman?

[Cicin-Sain] Yes, I think Mr Lukovic has made at least two points. The first point is, to which I would agree, that the likelihood of an armed conflict in eastern Slavonia is very small indeed. I would like to agree with this. But concerning his last point, that is the so-called secret agreement or whatever you like to call it, I would strongly deny it. There is no such agreement and all Croatian statesmen, all official statesmen in Croatia and the general public, will confirm that Croatia does not intend to give up it's legitimate claim on a part of its sovereign territory. There is no issue about it.

[Wark] You won't give up your legitimate claim. Tonight the latest news is, the Croatian UN envoy Mario Nobilo would appear to back up what you are saying. He says that Croatian troops will not attack eastern Slavonia. But you heard the defense minister saying in that film that if he had to take it by force they would. Your troops are massing on the border, is that all show?

[Cicin-Sain] No I think you were not properly listening to our defense minister. What he has said, he is saying the same thing as Mr Nobilo and myself and everybody else. That is that we are interested to negotiate the reentry of eastern Slavonia into Croatian state control and we will display certain patience as we have had in the past, but if all attempts fail then some other means will be considered.

[Wark] So you are looking for a demilitarized zone?

[Cicin-Sain] No, no. We are looking for eastern Slavonia, for a way to get eastern Slavonia back under Croatian state control. Which means that Croatian forces, Croatian military, and Croatian police have to come on the border of eastern Slavonia. To make a point in addition, eastern Slavonia never had any more than one-third of Serbian population, and eastern Slavonia was a region which belonged to the Austro-Hungarian empire.

[Wark] You want eastern Slavonia back under Croatian state control. You've been accused by the British defense minister of ethnic cleansing in Krajina. Would you be happy to see the proportion of Serbs currently in eastern Slavonia remain in eastern Slavonia?

[Cicin-Sain] Well, we are happy to keep all Croatian Serb citizens in Croatia. All Serbs who have Croatian citizenship are invited and encouraged to stay in Croatia. They are invited and encouraged—all Serbs, with the exception of those Serbs who have committed war crimes.

[Wark] And very briefly, Russia is offering to broker a peace agreement between president Tudjman and president Milosevic, do you understand Bosnian fears that they are going to be carved out of some kind of deal?

[Cicin-Sain] I could. The region is a very, very dangerous one and the Bosnians have suffered so much. Therefore I have great sympathies with Bosnia, but I can assure that Bosnians trust Croats now more than ever before.

[Wark] And they have reason to trust them?

[Cicin-Sain] I think they have. They have very good reasons, the developments of last few days confirm this very strongly.

Bonn Ambassador Denies Plan

AU0808130795 Cologne Deutschlandfunk Network in German 1100 GMT 8 Aug 95

[Report by Margarethe Limberg on press conference by Ivan Ilic, ambassador of the Republic of Croatia to Bonn, in Bonn on 8 August—recorded]

[FBIS Translated Text] [Limberg] The Croats seem to be well aware that their behavior in Krajina is being watched extremely carefully and with some mistrust abroad. The Zagreb government has now launched a diplomatic offensive and is obviously trying not only to justify its most recent so-called police and military operation, but also to dispel any suspicion that it is not taking human rights very seriously in its treatment of the Serbs in the Krajina region.

Ivan Ilic, Croatia's ambassador to Bonn, says that for four years the Serbs have prevented any political solution there. The fall of Zepa and Srebrenica was the last warning that the international community is unwilling and unable to counter the Serbs, he says. The ambassador rejected any speculation that Croatian President Tudjman and Serbian President Milosevic want to start dividing Bosnia-Herzegovina. He says there is no agreement between the two and there is no Tudjman drawing on a table napkin showing such a division, as THE TIMES reported. He does not know anything about Croatian troops committing terrorist acts against Serbian refugees. All such reports are being examined. Croatian troops have been ordered to observe human rights. The Serbs in the Krajina, tens of thousands of whom are fleeing now, have no reason to be afraid, the ambassador says.

[Ilic] The Croatian president has stated very clearly and ordered that all Croatian citizens should stay in their homes. Everything that has happened is just the result of propaganda by Serb extremists over the past four years and maybe even before that. We want these people to come back. They are not refugees. They are only under the pressure of this propaganda.

[Limberg] The ambassador said that Croatia is a country where there is room for all nationalities and where human rights and civil rights are guaranteed for everyone, unless they have played a part in Serb terrorist acts. But Croatia not only wants the approximately 110,000 people driven from the Krajina by the Serbs four years ago to return, but it also hopes that the approximately 100,000 Croatian refugees who are in Germany at the moment will return to their home country.

[Ilic] We hope that in a couple of months' time we will have everything ready to enable the approximately 110,000 refugees who are currently in Germany to return. We need these people. But we also need the support of Europe and the world.

[Limberg] In his press conference today, the ambassador did everything to convince the German public of his government's righteousness. But, of course, it will only be concrete actions that will show whether this can be believed.

Chief of Staff Views Military Operations

LD0908014095 Zagreb HTV Television in Serbo-Croatian 2120 GMT 8 Aug 95

[Interview with General Zvonimr Cervenko, chief of General Staff of the Croatian Armed Forces, by reporter Tihomir Ladisic, in the studio in Zagreb from the "Slikom na Sliku" program—live or recorded]

[FBIS Translated Text] [Ladisic] Before a comprehensive military analysis of this operation to liberate the occupied areas, let us try to find out exactly what went on today in the area of Topusko and Dvor, as this is being reported by all television agencies and is being analyzed. Serb rebel formations have been stranded there. Have these formations at last laid their arms down?

[Cervenko] As for the first part of your question, I can tell you that it is impossible to have a detailed review of such a huge operation in a 10-minute program. I will explain this later on. As for the second part of the question, I can answer that. The territory of the Republic of Croatia occupied by the so-called Republic of Serb Krajina has been completely liberated. There are still only two areas, that is the area of Vojnic-Vrgin Most and this area to the right [Cervenko points at a map] where there are still encircled formations of this former army and the poulation who have fled these territories.

These are the two locations where they are now. Here, the so-called 21st Corps of the army surrendered today at 1700. Its commander, Colonel Bulat, submitted a report to General Stipetic, congratulating him on his victory and handing over 13 tanks, 15 of those heavy 130-mm cannon, a large number of vehicles, and a huge amount of hardware. In his report, he also said that he has up to 4,000 soldiers and about 10,000 civilians who are in the woods in the area of the town of Topusko.

[Ladisic] What about these other areas?

[Cervenko] This other area has been encircled. Likewise, we hope that the 39th Corps will probably lay its arms down tomorrow.

[Ladisic] Today, there have been numerous reports, some of them including utterly conflicting information. Did Croatian aircraft and Croatian artillery target civilians in any area? Were there any other operations aimed at military targets? If so, where?

[Cervenko] I could say that at the end of a big operation like this, and it was a big operation by virtue of the fact, and our people must know this, that the battle front was 630 kilometers long, that the border with the Republic of Bosnia-Herzegovina is 350 kilometers long, and that the surface area in which the operation took place is 10,500 square kilometers. [sentence as heard] If one compares this with the operation in western Slavonia, which was only 600 square kilometers, then one can see the scale of this operation.

The Air Force made their significant contribution to this operation. In this operation, the Croatian Army, including the Air Force, proved that we have a very effective Air Force, and almost every day we had 30 to 40 MiG sorties.

Likewise, today too, our planes were in action. We hit targets but we never hit civilian targets. I can state this with full responsibility. Although some foreign journalists, I do not know who, claim that we hit civilians, I can say quite categorically that we did not do this.

But I cannot dispute the possibility that some civilian might have been killed. I was present when Petrinja was taken and there, at the beginning, on the first day, three or four of our tanks were damaged right up against the wire where the UN Protection Force [UNPROFOR] was stationed. A tank was set on fire and beyond the wire, 15 meters away, two or three UNPROFOR tankers caught fire, etc. This certainly does not mean that someone wanted to do this. So, if a shell fell near something, it is possible that there was some civilian casualty. But never in a single attack did we hit civilians anywhere.

[Ladisic] When will you regard these two areas as finally resolved.

[Cervenko] This area of the 21st Corps, Vojnic-Topusko-Vrgin Most, will be certainly resolved tomorrow evening. The only problem is how to get these civilians out. If we had more time I could explain to you why these civilians cannot simply get out. If we have enough time I can do it.

[Ladisic] By all means, please do.

[Cervenko] I would say that this is a kind of Serb tactic. It is as follows: Our Army has not yet taken complete control of the Glina-Dvor road and the Kostajnica-Dvor road. Surely, there are reasons behind this. They are fighting for these communications. However, the Serbs have clogged up the roads from Zirovci, i.e. Glina-Dvor, from Zirovci to Dvor, with civilian vehicles, tractors, and civilians. I believe they have done this deliberately. They do not allow these people to cross the bridge in Bosanski Novi as they are transporting their combat hardware, a large amount of it, along a route some 3, 4 kilometers to the south. These are dirt tracks in the woods which, I can openly say, we were not aware of as they are not marked on the map.

[Ladisic] And they are trying to extricate these weapons....

[Cervenko, interrupting] ...and this is the reason why we will probably have very serious problems tomorrow because we want to let these civilians out, the Croatian state will let them out, and not just civilians.

The agreement is that the Army should be disarmed. Officers and junior officers of that Army may keep their pistols; the same applies to their police. They can only keep their pistols. Together with the civilians they should withdraw toward Dvor na Uni. Nobody will stop them, and, I can state with full authority, they will not separate men from women, i.e., not separate their families.

[Ladisic] Let us somehow round up this story about Topusko and Glina today. I think it is important to stress here that a large number of routed Serb formations have remained there, with many large artillery and even rocket weapons, and that they are now attempting to evacuate these weapons, for which a civilian shield was used, thus creating this situation.

[Cervenko] There is a large quantity of this equipment here, which Colonel Bulet surrendered today. A large quantity of the equipment is now in a so-called semiencirclement. These are formations of the special forces corps; they are armed with artillery pieces, rockets, multiple rocket launchers, and most probably Orkan.

[Ladisic] Let us now analyze this really brilliant military operation called Storm. It seems that at the very beginning we have to stress that day one was maybe the key day, a day when troops were moved throughout the area to pierce these initial, and apparently most difficult, positions. We have this map with different colors, the yellow patches are the areas on day one of the Croatian Army action.

[Cervenko] That is correct.

[Ladisic] Can you analyze this day one, the first and hardest strike against their first and best-fortified positions.

[Cervenko] Mr. Ladisic, this is not a military map. This is an ordinary map which I wanted clearly to show to the public with colors, because ordinary people do not quite understand military maps. They would not have understood it if I had drawn all the directions along which we proceeded, the main directions, and so on.

The separation line between our forces and their forces was here, this is the black dotted line [video pans to map]. In effect, this is where the so-called separation zone is. The separation zone is 3-4 kilometers deep, depending on the area. In several places, the Serbs, in breach of agreements, entered the separation zone. On day one, at the beginning of the attack, we had to cross through the separation zone, 2, 3, or 4 kilometers; cross a further 2, 3, or 4 kilometers to the first line of their defense which was fortified. Beyond that line there is empty space and after around 6 kilometers there is a second defense line.

I can say the following: After we took western Slavonia, General Mrksic was appointed commander of the Serb Army and then their army underwent reorganization and significantly reinforced the defense line. They managed to do it in this area, somewhere up to Lika. They did not manage to reinforce this lower part, which is one of the reasons that this part, in comparison with the upper one, was relatively easy to take.

[Ladisic] What was the overall number of rebel troops, according to your estimates and current knowledge, in the entire occupied area?

[Cervenko] I have details here on their entire army including Sector East. The entire army of the so-called Republic of Serb Krajina was between 37,500 and

41,000 men; they had between 385 and 430 tanks, 195 to 210 armored personnel carriers, 515 to 570 guns, 20 to 25 aircraft, and 10 to 13 helicopters. Please do not get confused with these figures. Of course, we cannot know precisely how many weapon pieces they have. This is all approximate. Our estimates and knowledge acquired during fighting have confirmed that we were well informed in terms of intelligence reports.

[Ladisic] What was the importance of the information that you received from the rear of the Army in occupied areas? How important were reports from there, how accurate were they and how much did they help you to pierce the first and the hardest defense lines on day one?

[Cervenko] It is important for every army, when going to certain territory, to know what lies ahead. We had very good reports. Of course, we did not know about everything, the minefields and so on. But, our reports were good.

[Ladisic] You yourself mentioned that this southern area was extremely successful and that on days one and two it became evident that almost all resistance was crushed there.

[Cervenko] Yes.

[Ladisic] Why were there many more problems in the northern area?

[Cervenko] I have just told you. Because the defense line here was significantly better fortified than there. The second reason is that this operation in Grahovo made our incursion into these areas much easier.

One more thing for people to understand. This yellow line on day one seems so small because this was the most difficult part of the operation. One should know that during combat action a soldier can cross between 700 and 800 meters in an hour.

[Ladisic] In combat conditions.

[Cervenko] Therefore, one cannot expect to achieve miracles on the first day; those who phone me saying what is happening, you have not yet reached this and that place, should know something about such a fact.

[Ladisic] This red color indicates day two.

[Cervenko] Red is day two. Purple is day three. And then comes green, these are some little additions, and now this blue color represents the concluding part of the action.

[Ladisic] Why was cooperation between all sections of the Army important at this moment, cooperation between all intelligence and Air Force units? How do you assess this cooperation and what do you consider the most important success in this operation?

[Cervenko] Such an operation is completely unimaginable unless all branches and services of the Army participate in it. It is unimaginable if it is not synchronized, planned, if specific attack plans do not exist, attack operations in terms of the days and time required, in terms of the area, etc, etc. It is simply impossible to carry this out. For a breakthrough you need artillery. First, you need reconnaissance teams and sabotage forces; you need infantry; you need tank forces; you need engineers to clear the ground; you need communications teams; and you also need an air force.

All these must be synchronized, all this must be integrated into a general plan. This is not at all simple. This must be synchronized down to virtually the last detail.

We organized this well. Every mobilization area, Zagreb, Karlovac, Gospic, and Split, as well as the special police forces, each had their specifically defined tasks and areas in which to attack, their main attack area and some secondary ones, etc.

We prepared a very unpleasant surprise for them, where they least expected it. Here, you see this area here [Cervenko points to Dubica area on the map]. This is where we introduced forces from the Bjelovar mobilization area to take Dubica, and then we went along the Una River valley and the railway line. This made a very vital and important contribution.

Likewise, a very, very important contribution was made, again, let me stress, by the special forces of the Interior Ministry which, here you are, occupied a big area of Lika, which in the first phase of the battle, that is at the beginning of the attack, entered more than 20 kilometers into the area and occupied the area and seized resources, etc. If my praise means anything to these special forces and my friend General Markac, I can thank him here. He really did do a great job. But I do not want to belittle the success of everyone who took part in this action.

[Ladisic] Well, there is another subject which all major places and all television stations are talking about today, the situation on the front in Slavonia. This relates to the attacks on Croatian towns. According to reports, big forces are facing each other in this area. Could you tell us what forces these are? Are the forces of the so-called Yugoslavia present in the occupied areas?

[Cervenko] I can tell you in general terms about this. If I were to explain something else in more detail I would need at least half an hour for this alone.

In Slavonia, in eastern Slavonia, their defense lines have been strengthened by reinforced concrete bunkers and all other possible means. The Baranja section which we hold is also a problem because their first bunkers up to the Drava River, are less than 3 kilometers away. You recall, a few days ago when they hit the zoo, that was on the bank of the Drava River. There were even bathers there. They used their infantry to attack through a little wood there. I was there a few days ago. It is almost 200 meters from their positions.

They have big forces there. We know where they are, how they are deployed, and we know their possible intentions. It is enough to know that in the Sid area alone, down there in Serbia, they have a large number of tanks, and up here they have a large number of tanks. They have artillery. Over the past few days they have been launching provocative actions, and when we began this operation they opened almost the whole line [as heard] and hit almost the whole line.

Our Slavonians did a good job and I can say that we have prepared for defense there, for defence at that time, and they did not have an opportunity to attack.

Yesterday and today, my friend General Decak [Croatian commander in eastern Croatia] reported to me that the Serbs have again thought up a trick. They have been sending some kind of floating containers down the Drava River. These contain about 500 or 600 kilograms of explosives. They have little antennas, etc. The intention is probably to blow up the new bridge [not further specified]. They detonated two such devices and a large number of windows were broken in Osijek. Various tricks of theirs are to be expected and they may try to strike our territory.

As to the question of whether troops of the Yugoslav Army are there, I can say, with full responsibility: Yes. The 12th Novi Sad Corps is fully deployed there. We know the numbers of their units and what they have. They are in consultation with Belgrade; they are directly commanded by the Army of the Republic of Yugoslavia, under the direct command of the General Staff. They are called the 11th Corps of the Serb Krajina Army, but they have virtually no connection with this Serb Krajina here [Cervenko points to map].

[Ladisic] Over the next few days, what will, in fact, the military situation in this area depend on?

[Cervenko] It will depend on their intentions. It is up to us carefully to monitor this. We are monitoring them. We know what they are doing, so we will see. If they start moving, we know what to do.

[Ladisic] Gen. Cervenko, thank you for this analysis and this conversation and I ask you, on behalf of all of us, to convey our best greetings to all the formations which took part in Operation Storm, which really showed the true force of the Croatian Army.

[Cervenko] Thank you for the greetings for the Croatian Army. I will have pleasure in conveying them. I can say, quite openly and in a friendly way as we know each other very well, that the Croatian Army has demonstrated in this action what it is capable of. This very, very complex operation demonstrated that the Croatian Army is armed, that it is well trained, but what always impresses me, what I like to instill in the Croatian Army, I usually put it this way, in the language of ordinary people, with a touch of poetry about it: Apart from his head, his arms, and his legs, the Croatian soldier must have a heart. The heart bears the Croatian homeland and 13 centuries of its history, traditions, and customs, its Croatian language, and the faith of its forefathers. And this is what the Croatian Army has borne with it, and it bears this with it now.

We lived through the first and second Yugoslavias for 70 years. There was no state of the Croatian people then. But what the Serbs have done during this war from 1990 onward led to the people saying: Enough. And this is how it acted. The Croatian Army went down this path. It bore this pride in having its own state and the feeling that it should be defended. This is just as powerful as the weaponry it has and the training it has.

[Cervenko] Thank you for this conversation and thank you, once again, and accept our best congratulations.

Delegation Apologizes for Human Shield Incident

LD0808172795 Paris LCI Television in French 1600 GMT 8 Aug 95

[FBIS Translated Text] Commenting on the influx of refugees from Krajina, several prominent figures have spoken of de facto ethnic cleansing. Although one cannot compare Croat and Serb methods, it is nevertheless a fact that Croatian troops have not always heeded international legislation. Proof is that they used seven Danish UN soldiers as human shields at the beginning of the offensive. Patricia Loison reports:

[Loison, over video from Croatia] They arrived this morning at the Danish UN troops post in Kostajnica. They were with a small delegation whose delicate mission was to officially apologize on behalf of the Croatian Government for using seven UN soldiers as human shields. The conversation was brief, hands were shaken, apologies accepted.

[Colonel Joern Jensen, commander of the Danish UN troops, in English with French superimposed] In my area, it is the only incident with the Croats we have ever had. I have accepted their apologies. As a UN officer, and with the constraints that implies, I hope I shall be able to cooperate with the Croats.

[Loison] This Croatian official [video shows him], who is responsible for relations with the United Nations, also offered to supply the Danish with water and food, a gesture Commander Jensen politely rejected.

It is these men [video shows Danish soldiers] whom the Croats came to fetch on Saturday as the offensive against Krajina was beginning. They forced them to leave their shelter and compelled them to walk ahead of their troops for two days. The commander of that Croatian battalion was arrested and he may be prosecuted. Only yesterday Franjo Tudjman's government rejected these accusations. On Sunday Denmark strongly protested against the methods used by the Croats.

Eastern Slavonia Forms Joint Command With FRY

AU0908070095 Paris AFP in English
0644 GMT 9 Aug 95

[FBIS Transcribed Text] Belgrade, Aug 9 (AFP)—Separatist Serbs in eastern Slavonia have announced the creation of a "joint military command" with the Federal Republic of Yugoslavia [FRY], according to a communique obtained by AFP Wednesday [9 August].

The decision was taken at a meeting of civilian and military leaders of the last remaining Serb-held area within Croatia, and top officers in the federal Yugoslav (Serbia and Montenegro) Army, the communique added.

VJ Pledges To Defend Slavonia

LD0908083095 Belgrade SRNA in Serbo-Croatian
0124 GMT 9 Aug 95

[FBIS Translated Text] Vukovar, 9 Aug (SRNA)—The Yugoslav Army (VJ) has pledged to defend the territory of Eastern Slavonia, Baranja, and Western Srem.

An agreement to this effect was reached at yesterday's meeting between top-ranking VJ representatives and the 11th Slavonia-Baranja Corps of the Serb Army of Krajina (SVK).

According to Slavko Dokmanovic, the chairman [mayor] of the Vukovar municipal assembly, the participants in yesterday's meeting formed a joint command of the VJ and the 11th Slavonia-Baranja Corps, which is operating in these areas.

"By doing this Serbia has confirmed that in the event of Ustasha aggression it would come to our aid and defend the regions of eastern Slavonia, Baranja, and Western Srem," said Vukmanovic, who attended the meeting in the capacity of representative of Vukovar's civilian authorities.

"From now on every criminal bullet and ustasha grenade fired at Vukovar will be seen as if fired at Belgrade, Krusevac, or Kragujevac," Dokmanovic said, stressing that "we will respond to every Ustasha strike with tenfold ferocity."

Dokmanovic described yesterday's agreement between the representatives of the VJ and the 11th Slavonia-Baranja Corps of the SVK as "a historic crossroads," and called on all "individuals" to "set aside stories of past mistakes for some other time."

"Every individual must accept part of the collective task, engaging himself unselfishly, consciously, and in a disciplined manner, until the completion of the task," Dokmanovic said, stressing that this time the objective was "to completely destroy the criminals, wherever they may be."

The chairman of the Vukovar municipal assembly also sent a message to the Croats: "We are 12 million strong; if need be we will be 312 million strong. Take these figures seriously, be reasonable."

Martic Calls For Continued Krajina Resistance

LD0808223795 Zagreb HTV Television
in Serbo-Croatian 2145 GMT 8 Aug 95

[From the "Slikom na Sliku" program; rebroadcast of Banja Lika Srpska Televizija]

[FBIS Translated Text] Milan Martic, president of the Republic of Serb Krajina [RSK] today called on all Army conscripts from Serb Krajina and patriots from the Federal Republic of Yugoslavia and the diaspora to join the struggle and help the Army and people who have not withdrawn in the face of the Ustasha aggression.

In a public statement made in Srb today, the Serb Krajina president said that the reception of able-bodied men will be organized in garrisons of the Serb Republic Army in Bijeljina, Derventa, and Banja Luka. We have just received a video with the statement made today by Milan Martic, president of the Republic of Serb Krajina:

[Begin Martic recording] [Video shows head-and-shoulders shot of Martic in combat gear, no sign of injury] In such a difficult situation, if it is difficult for anybody, it is most difficult of all for me. I have stayed here, as you can see. I do not wish to withdraw. I have to commend those courageous fighters who are still here and who do not wish to withdraw. We have many such fighters in the forests.

I would like to use this opportunity to invite all patriots from all Serb lands and from the diaspora to return and defend the homeland, the Republic of Serb Krajina. I do not, nor will I ever, recognize the occupation; as long as one Krajina person is alive we must not recognize that occupation. We have to do everything to return to our centuries-old homes.

I am convinced we can do it. Once our civilian population has been safely evacuated, every fighter must heed this call so that we should return where our centuries-old homes are. This is an appeal to everyone. I am staying here; I am somewhat surrounded, but I am not afraid. We have nothing to fear. The Croatian Army is not that strong. It is true that they have superior artillery, but we have the heart, at least I hope we have. We have a reason to fight. I am convinced that we will be able to overcome this setback which has befallen us. [end recording]

'Guerilla War' Phase Can Start

LD0808214195 Belgrade TANJUG Domestic Service in Serbo-Croatian 2114 GMT 8 Aug 95

[FBIS Translated Text] Banja Luka, 8 Aug (TANJUG)—Milan Martic, president of the Republic of Serb Krajina [RSK], told the press center of the Main Staff of the Serb Republic Army that not everything is lost and that this is not the end of the war.

Martic said that this has been the hardest defeat, but units have remained in forests, and now we can enter the phase of guerilla war. "We did not allow our infirm, women, children, and elderly to be killed. We have been trying to evacuate them to safe territories," he said.

The RSK president is of the opinion that the able-bodied population will return and begin defending its state.

Babic Criticizes Martic for Evacuation Order

LD0808163295 Belgrade TANJUG Domestic Service in Serbo-Croatian 1517 GMT 8 Aug 95

[FBIS Translated Text] Belgrade, 8 Aug (TANJUG)—In a statement to TANJUG today Milan Babic, prime minister of the Republic of Serb Krajina [RSK], appealed to all Serbs to close ranks and to all Serb states to unite around their mother state, the Federal Republic of Yugoslavia. At the same time he thanked the state bodies, humanitarian organizations, and citizens in Serbia and the Federal Republic of Yugoslavia for helping to alleviate the suffering of refugees. Here is the text of Milan Babic's statement:

This is the greatest tragedy of all the suffering and hardships to which the Serb people in Krajina has been exposed in its history.

At the moment, while columns of refugees are moving through the [Bosnian] Serb Republic toward more secure shelters in Prijedor, Banja Luka, and Derventa in the Serb Republic and many reception centers throughout Serbia, our common and most important concern at the moment is that basic foodstuffs and water be delivered to refugees near Petrovac, Prijedor, and Banja Luka, and that they are provided with some sort of shelter from rain. Serbia and the Federal Republic of Yugoslavia, with help from humanitarian and other organizations of the Republic of Serb Krajina, are investing enormous errfforts to deliver this aid as soon as possible.

People are still staying near the Serb Krajina border hoping to return, either through fighting, negotiations, or an action of the international community, of which the people are very hopeful.

Following its well-prepared and large-scale invasion of Serb Krajina, the Croatian state is, by using its air force and bombarding Serb refugee centers and columns near the border with Krajina, trying to provoke additional fear among the exhausted people in order to drive them as far away from their homes and Krajina as possible.

We appeal to the international community and the United States to use their authority and influence with Zagreb to halt the war and terror against the refugees and enable them to return to their homes in the areas which are and will not be under the control of the Croatian Army and police.

I personally will never reconcile myself to the fact that Serb Krajina can be without Serbs. I believe that the international community will have a principled attitude to the Serb issue. As it has always been prepared to condemn ethnic cleansing, I expect it to condemn and halt ethnic cleansing carried out by the Croats in Serb Krajina. The international community must help the Serb people return to their lands.

I was shocked to learn that the General Staff of the Serb Army of Krajina and President Martic had ordered general evacuation of the population and withdrawal of the Army from all frontlines in Knin, northern Dalmatia, and Lika despite the fact that no serious combat activities were in evidence along the majority of separation lines. Under an earlier plan, the Croatian Army could and should have been stopped from approaching Knin for at least a month and all necessary conditions for that were in place. No one else, let alone the Federal Republic of Yugoslavia, should be blamed for such conduct.

I cannot believe that someone wanted, by bringing about a mass exodus of people from Krajina, to force in this way the Federal Republic of Yugoslavia to get directly involved in the war. Anyone who even remotely follows and knows international relations and Yugoslavia's position, since those who deal with matters of state must know this, could have anticipated that this was not realistic and that it might be disastrous for Serbian national interests.

This is why in my capacity as president of the new Republic of Serb Krajina government, which was formed only 10 days ago I did my best to avert war, to restart the negotiating process which was stalled by Croatia and by its attack on western Slavonia, and to find under the international community's auspices a just political solution for all.

I believe that it is not too late for this.

I appeal at this moment to all Serbians to close their ranks in defense, and to the Serbian lands to reach agreement and rally around their mother country, the Federal Republic of Yugoslavia.

I would like to thank once again all state organs, humanitarian organizations, and citizens in Serbia and the Federal Republic of Yugoslavia for their help in alleviating the suffering among refugees and in the reception centers.

Krajina Serb 21st Corps Surrenders

LD0808185295 Zagreb HTV Television in Serbo-Croatian 1730 GMT 8 Aug 95

[FBIS Translated Text] We have just received a statement from General Zvonimir Cervenko, chief of staff of the Croatian Army:

At 1900, the surrender began of units of the [Krajina Serb] 21st Corps, Colonel Bulat has reported to General Stipetic. Mr. General, Colonel Cedomir Bulat, commander of the 21st Corps, congratulates you on your victory and hands over the corps. We have 13 tanks, 15 130-mm guns, a large number of vehicles, and other hardware.

Asked by General Stipetic about the whereabouts of the rest of the hardware, Bulat said that Mile Novakovic has taken it. Bulat said that he has 3,000 to 4,000 soldiers and about 10,000 civilians who are still in the Topusko area.

The statement is signed by General Zvonimir Cervenko.

Peaceful Solution to Yugoslav Conflict Urged

LD0808164995 Warsaw PAP in Polish 1551 GMT 8 Aug 95

[FBIS Translated Text] Warsaw, 8 Aug—In a special statement released today, the Polish government came out in favor of a peaceful resolution of the conflict in the former Yugoslavia and urged the warring factions in Krajina to unconditionally observe a ceasefire agreement.

The government considered respect for human rights and the security of civilians a priority task.

"Poland is ready to actively participate in the action of humanitarian aid to the refugees and others suffering as the result of this tragic war," the statement reads. The government spokeswoman announced that Polish humanitarian aid will include medicines, food and blankets.

At today's meeting the government familiarized itself with a report by the ministers of national defense and foreign affairs on military and political aspects of the conflict in the Balkans, but the spokeswoman refused to give details of this secret part of the deliberations, which also concerned the situation of the Polish troops serving in the UN forces in Krajina.

Plane Crashes Set Back Relations With NATO

MS0908092395 London THE TIMES in English 9 Aug 95 p 9

[Article by Roger Boyes: "Air Crash Spate Hits Poland's Nato Ties"]

[FBIS Transcribed Text] Warsaw—Poland's hopes of closer relations with Nato may have suffered a setback after a series of military air crashes.

A Defence Ministry team started this week to compile a report on a Sukhoi Su22 fighter bomber that crashed after an explosion. The accident on July 26 was the fourth involving a Sukhoi since April, and the fifth military air crash this year.

The Polish Air Force is naturally anxious to play down the crashes. "The commission investigating the previous accidents stated that their causes were mistakes made by the pilots," said Zbigniew Okonski, the Defence Minister. "Instead of thinking about suspending flights, we should work out how to improve training." Even so, Sukhoi bombers have been grounded.

The Polish defence establishment is in a state of upheaval. To save fuel, training flights have been cut back. Air force pilots spend about 60 hours flying each year, compared to 150 in most West European countries and 250 in the United States. Pilot salaries are low, obliging many to take on second jobs or extra assignments.

The air force has not bought any flight simulators for the Sukhois. The army and air force have also been putting supply and service contracts out to private tender.

The military cash crisis could not come at a worse time politically for the Polish armed services. They are about to embark on a number of joint exercises with American, British and German troops to demonstrate a readiness to take on Nato responsibilities.

The Sukhoi bombers are particularly difficult to fly and it is feared they could become the 1990s version of the accident-prone West German Starfighter, dubbed the "Flying Coffin".

Poland has about 100 supersonic Su22 fighter bombers. Built in the Soviet Union, they were first delivered to the Soviet Air Force in the late 1960s but did not reach the Warsaw Pact countries until the mid-1970s.

Ambassador Denies Seeking To Postpone Elections

LD0808193495 Warsaw TVP Television First Program Network in Polish 1730 GMT 8 Aug 95

[Relayed by Warsaw TV Polonia Network]

[FBIS Translated Excerpt] Stanislaw Ciosek, Polish ambassador to Moscow, has denied reports that alleged that he has been conducting talks aimed at the postponement of presidential elections. He admitted, however, that he sent just one private letter to a certain politician in which he suggested such a solution.

[Correspondent Maciej Sojka] When the media published reports about consultations aimed at the postponement of the presidential elections, most of the political parties denounced the idea. Deputy Sejm speaker Wlodzimierz Cimoszewicz said that talks on this subject had been held by Ambassador Ciosek.

[Addressing Ciosek] Mr. Ambassador, why did you decide to put forward a proposal to the main political forces in Poland to postpone the presidential elections, and what was the content of this proposal?

[Ciosek] There is a small misunderstanding. A month or so ago I sent a private letter to a politician who does not have any executive power. That was all. This letter contained a request for certain issues to be thought over. To my horror I later found out that it evoked such an enormous interest in Poland. I was on holiday; I broke it off just to come to the studio today. After all, I requested this interview, since I wanted to explain certain issues. [passage omitted]

[Sojka] Ambassador Ciosek said that his idea was a result of his concern that a brutal electoral campaign might ruin Poland's chances for integration into European and NATO structures. He recalled that decisions on this matter will be made when the campaign is gathering the highest momentum in Poland. Ambassador Ciosek kept reiterating that the letter was his own private initiative, on which he did not consult with anyone. [passage omitted]

Elaborates on Letter

WS0908103295 Warsaw RZECZPOSPOLITA in Polish 9 Aug 95 pp 1-2

[Article by Piotr Jedroszczyk from Moscow: "Damned Letter-Writing; Ambassador Ciosek Proposes Return to 'Roundtable'"]

[FBIS Translated Text] *"Indeed, I did expect that this issue would come up; however, I did not think that it would happen like this," Ambassador Stanislaw Ciosek related yesterday to the RZECZPOSPOLITA correspondent while commenting on Polish press reports on his proposal to postpone the presidential elections by two years. The ambassador confirmed that he had put forward such a proposal over a month ago, in a private letter to a Polish politician. "It was not an official statement by the Polish ambassador in Moscow; I merely shared my thoughts with the addressee of this letter," he said. "I do not resent the fact that he, in turn, shared the content of my letter, which was about Polish issues, with his friends."*

Stanislaw Ciosek did not answer the question, however, as to who the addressee of his letter was. He merely explained that it was neither the president, nor the prime minister, nor the speakers of the Senate and Sejm, nor the minister of foreign affairs. He also definitely rejected the suggestion that his proposal had been agreed on with the presidential camp, or with other political forces. As he said, he had presented his concept for some time, in numerous conversations with Polish politicians. Its primary purpose is the desire not to allow internal disputes, which are a threat in the current election campaign, to weaken Poland.

Ciosek proposes a return to the philosophy of the "roundtable"—that is, to an agreement reached by major political forces on the issues that are most important to Poland.

He told us that "this is even more important at a time when the European security model has not been fully formed and when the issue of NATO expansion has not been definitively decided on. Decisions on this issue will be made in the coming months and years," he stated. "Therefore, right now it is necessary to think about whether we should devote the next two years to further polarization of the internal political scene—to which the presidential elections contribute as well—or whether we should put them off by democratic consensus. If such is the desire of the major political forces, then everything will be possible—which, incidentally, is conceded by [Sejm] Speaker Zych," says Stanislaw Ciosek. "Our biggest advantages right now are political stability and economic development. Internal quarrels lead to limiting Poland's role on the international arena and, consequently, are detrimental to its interests."

It follows from the ambassador's statement that when Russian and world television stations highlighted the well-remembered demonstration of trade union members in front of the premises of the Office of the Council of Ministers, they did not do it accidentally. In fact, Ambassador Ciosek fears that not only Russia may most noticeably ignore Poland, which is quite possible if the country is torn by internal conflicts. "That certainly worries me," he says. "However, I am also afraid that foreign affairs will also be dragged into the election campaign. If we expect Minister Bartoszewski to achieve successes in foreign policy, we must give him a chance in the form of a stable internal situation."

Ambassador Ciosek is also of the opinion that presidential elections should not be held at a time when there is no social consensus on such fundamental issues as the constitution, difficult social reforms, and the [Vatican] concordat.

Platforms of Presidential Candidates Outlined

WS0808144095 Warsaw RZECZPOSPOLITA in Polish 8 Aug 95 pp 1-2

[Article by Ewa K. Czaczkowska and Marcin Dominik Zdort: "Presidential Campaign; Inflation of Candidates, Deficit of Programs"]

[FBIS Translated Text] *The Sejm speaker has not announced the date of the presidential elections yet, but in line with the most recent data, there are 28 candidates and potential candidates for president. Campaign staffs are collecting signatures and candidates are holding meetings with voters; however, only a few have made known their electoral platforms.*

Gronkiewicz-Waltz: Investing in Family

Hanna Gronkiewicz-Waltz presented the main planks in her election platform in the biweekly PRZEDE WSZYSTKIM (FIRST OF ALL), which supports her; she gave an interview titled "I Will Not Try To Outdo the Democratic Left Alliance [SLD] in Making Unrealistic Promises." The president of the National Bank of Poland [NBP] first of all intends to make people realize the need to make economic changes, "persuade people that decreasing unemployment depends on structural changes in the economy, and that correctly implemented privatization does not lead to unemployment but to a more efficient distribution of manufacturing forces." Gronkiewicz-Waltz is in favor of lowering taxes and relieving other similar burdens—such as premiums to the Social Security Agency, which would also reduce the "gray zone of employment." Low taxes would also improve the housing situation.

The openness of our market to foreign competition, especially in the period of transition, must be limited. Nonetheless, healthy competition is necessary due to technological progress. It regulates prices and counteracts monopolistic practices, the NBP president points out in PRZEDE WSZYSTKIM. She supports mass and quick enfranchisement. Reprivatization should be implemented in the moderate version, the one that "envisions returning property in kind, but also takes into account the capital that was spent over time by the state." Hanna Gronkiewicz-Waltz is in favor of an official family-oriented policy. "If more money is invested in the family, less money will be required for special schools or reformatories, for instance; spending on public security will consequently decrease as well." Where foreign policy is concerned, the NBP president states that she will not allow a situation in which "our country would have the status of a buffer state, located in a so-called gray zone."

She is in favor of Poland's integration with NATO and European structures, although she likes the idea of a "Europe of homelands" quite a lot.

Kwasniewski: Let Us Choose the Future

Aleksander Kwasniewski, who was the first to start his campaign, announced 10 principles to which he is going to adhere as president. In his election platform entitled "Let Us Choose the Future" (it is also the main slogan of his campaign), Kwasniewski promises that he will not stir up more disputes or aggravate old differences. He will not divide Poland "into a Solidarity and a postcommunist Poland." He will be a president above all divisions, one who "does not allow the past to be used against people who worked hard for their country for years." He is going to oppose all efforts to depart from the principles of a social market economy and support only such an economic policy "which will make it possible to continue the rapid production growth, limit unemployment, and advance progress in the countryside." At one point, the SLD leader declares that he will want "the indispensable costs of the reforms distributed fairly." In his platform, consisting of 10 main principles, there is not a single word about the future president's supporting Poland's quick integration into NATO and European structures. In the "Let Us Choose the Future" declaration, however, the SLD leader wrote the following: "Poland's membership in NATO and EU is beneficial and necessary to both sides. We will not act like a humble customer." Joining the union "cannot be a process that favors the chosen and deprives others of jobs and prospects."

Korwin-Mikke: Fight Against Bureaucracy

The candidate of the Union for Real Politics [UPR] envisions a "counterrevolution without bloodshed." "I believe that all the potential candidates offer only cosmetic changes of the system; they try to change the people first of all," wrote Korwin-Mikke, who considers these efforts worthless. He will change the system, declare war on bureaucracy, and lower taxes. As far as foreign and defense policies are concerned, Korwin-Mikke mentions the need to increase spending on the military by half, replace the draft Armed Forces with a professional army of volunteers, and reject the assumption that we must cooperate with NATO "at any cost" (because then the partner usually raises the price). The UPR leader would like economics and politics to be completely separate.

Jacek Kuron: Let Us Talk About Poland

Instead of his own platform, Freedom Union candidate Jacek Kuron for the time being proposes to people a talk about Poland, about its most vital problems. These talks, the letters which he asked people to send to him, are to help him prepare a report on Poland. Another proposal Kuron has made in his campaign is to determine the criteria for evaluating candidates. The fundamental rule he proposes to politicians involves not promises but specific commitments, "a kind of a social contract"—commitments that are to resolve those most important problems. He is going to make such commitments himself as well.

According to Jacek Kuron, all ministries—including the so-called presidential minisries—should be subordinated to the prime minister. As president, Kuron would not veto the state budget; in general, he would veto a law only as a last resort. "We may be a bridge between East and West," said Kuron at one of his meetings. "I would like to make a program for Poland out of this."

Olszewski: Fewer Teachers

A thorough reform of the education system and regulation of ownership relationships—these are the main points of the "Program of Repairing the State" presented by Jan Olszewski. The former prime minister also believes that the most important thing for Poland today is to change the system of education "which we have inherited from the communists." "Teachers without the necessary qualifications must go. There are too many teachers in Poland. Nowhere in Europe is there such a disproportion between the number of teachers and the number of students. The Polish education sector is burdened with 100,000 unqualified teachers," Olszewski said in an interview for the Catholic Information Agency.

The former prime minister is in favor of reprivatization ("wherever possible in kind; where it is not possible, compensation the amount of which should depend on the capabilities of the national economy should be provided"). He also supports coupon privatization, the Czech model. In addition, using the privatized national assets, Olszewski would like to restore independent insurance funds.

Olszewski also has a program concerning agriculture. The program envisions production of ecologically clean products. He also thinks it is possible to lead to a situation (by means of a system of tax breaks and preferences) in which all families with average income would be able to get their own apartments within five or six years.

File-checking occupies an important yet secondary role in the present platform of Jan Olszewski. Checking the records of candidates for the highest state offices should be a permanent procedure.

Strzembosz: More Workplaces

Just like Hanna Gronkiewicz-Waltz, Professor Adam Strzembosz wants to make the family the leading motif of his campaign. An active family-oriented policy should make it possible for all members of a family who live under the same roof to pay their taxes jointly; also, they should have real tax breaks that would offset some of the costs of supporting children. Strzembosz also talks about reforming the education system in a way that would put parents in charge of schools.

"In my campaign I will speak about the fundamental needs of citizens. I believe these needs are as follows: to strive for security, justice, honesty, and real rule by law," the first president of the Supreme Court declares. Since he does not want to be considered an exclusively rightist candidate, he also speaks about actively fighting unemployment and about increasing the number of workplaces.

Zielinski: A State Friendly to the Citizen

The spokesman for human rights will present his platform only after the Sejm speaker announces the date of the elections—even though his campaign staff has given assurances that the platform has already been prepared. The main slogan of Professor Zielinski's campaign is as follows: The spokesman for your rights is also your president. The course of the meetings held so far suggests that the guiding motif is the concept of a law-based state. The professor emphasizes civil equality, tolerance of various philosophies and world views, and, finally, social equality. He presents himself as a defender of people who are aggrieved and threatened, a defender of national interests and a guarantor of the constitutional principle of social justice. "The state should be friendly to the citizen," says the spokesman, who states he would defend "the law from botchers and crackpots." As president, he would not aspire to directly supervise foreign policy (the so-called presidential ministries); he would exercise such control only through the prime minister.

Lech Walesa: Against Another Polish People's Republic

It is already certain that Lech Walesa will run for reelection. There is also no doubt that his campaign will be based on anticommunist slogans, as he said in one of his interviews: on the promise to oppose "what is going on right now," what is "to some extent another Polish People's Republic." The president has recently admitted that he ran for two terms; therefore, there is reason to believe that during his campaign he will promise to complete meeting the commitments he made in the autumn of 1990 but that he did not fulfill because, as he says, he did not have enough backing in parliament.

Lack of Commitment to Reform Criticized

95EP0139A Warsaw GAZETA WYBORCZA in Polish 12 Jun 95 pp 14-15

[Article by Tadeusz Syryjczyk, former minister of industry, senior adviser in the Suchocka cabinet, and current deputy chairman of Freedom Union (UW), under the rubric "Views": "United in the Name of Stagnation"]

[FBIS Translated Text] *On Thursday, Prime Minister Jozef Oleksy tried to assure us in the Sejm that the left-wing coalition governs for the good of our society rather than for its own sake. My response: This coalition does not govern at all; it merely holds power. It fights for seats of power, makes unrealistic promises, and delays all reforms.*

The election on 13 September 1993 ended in a great success for the SLD [Alliance of the Democratic Left] and the PSL [Polish Peasant Party]. A parliamentary coalition to which almost two-thirds of the deputies and more than two-thirds of the senators belong can override any presidential veto or ruling of the Constitutional

Court without major problems. The UP [Labor Union], which is close to the coalition by virtue of its left-wing economic and social program, is also represented in the Sejm. For a while, the UP was considering in earnest the possibility of governing together with the post-People's Republic of Poland coalition.

The UW [Freedom Union], the largest party of the parliamentary opposition, promised to support individual decisions of the government on three conditions. First, the government must clearly set forth its positions. Second, the decision must be made along the line of systemic and economic changes envisioned in the UW program. Third, the government must not disclaim responsibility for the decisions it makes. The government has met these conditions only infrequently. However, when the government has done so, the laws in question have been supported by the UW, and they will continue to be.

The anticapitalist right wing, which includes groups equally opposed to communism and free markets—the groups which came up with the initiative to bring down the Suchocka government—ended up in a very tight corner after the elections. The KPN [Confederation for an Independent Poland] lost one-half of its seats in the Sejm. Solidarity did not even make it over the required electoral threshold and needed a year to come back as a meaningful trade union and strike force. Whatever one says about the radicalism of current protest actions, the postcommunists got well over three months of quiet by way of a honeymoon.

Jan Olszewski turned out to be a poor prophet (in May 1993, he predicted that the SLD would support the seven-party Suchocka government at that time, due to which an attack on the parties belonging to it would be an easy and simple way to win the hearts of the people). At present, his quite peculiar political prophecies and economic diagnoses no longer appeal to broader circles of the public. Moreover, contrary to common sense, the parties of extraparliamentary opposition are still fragmented; they are unable to regain meaningful initiative in the political arena.

Therefore, the omnipotence of the governing coalition is limited solely by initiatives of the president and the free press. This hurts a bit but does not interfere with carrying out even the boldest undertakings—naturally, in the event that the coalition could bring itself to introduce radical reforms. After all, a competition between different decisionmaking centers and freedom of public opinion are nothing extraordinary in a democratic state, and all one has to do is to get used to them, just as to the independence of the central bank. If SLD and PSL politicians have a problem with this, it means that they simply lack the competence to govern in a new, democratic system. The olden times are not going to return, no matter how much the "proven professionals" from the times of the People's Republic of Poland who again aspire to join the power elite dream about it.

The beginning of the SLD-PSL government (the fall of 1993) was a period in which Poland registered the fastest rate of economic growth in Europe. Inflation fell below 30 percent for the first time in several years; the budget was being implemented without major problems. Negotiations on the cancellation of Polish debt to Western commercial banks were essentially complete, with the volume and pace of debt reduction being agreed upon. The growth of unemployment had been arrested. More than 50 laws putting finishing touches on various reforms were inherited after the Suchocka government. We were a step away from embarking on the Comprehensive Privatization Program. Work on the reform of territorial self-government—aimed at giving *gminas*, cities, and *powiats* control of 25-30 percent of budgetary revenues and most public services—was far advanced. A transfer of many powers and funds to cities (a pilot program) was prepared for implementation in 1994. That was supposed to be an important step toward the decentralization of the state.

The victorious coalition therefore started out from an extremely convenient position. The leeway for choosing an economic policy was still limited. However, since 1989 not a single government had had the luxury of making very different decisions without being on the brink of an immediate catastrophe. It is a fact that, had the left-wingers and the Peasant Party people proceeded to immediately honor their election promises, they could have brought down a new economic catastrophe on the country—in particular had they raised retirement benefits and annuities in accordance with the law pushed through the previous parliament with SLD and PSL votes, which could not but subvert the budget. The raises were not enacted as a result of the presidential veto, and the adoption of a corresponding constitutional interpretation—and disadvantageous votes in the Sejm—were thus avoided.

Therefore, catastrophe was avoided, but the coalition immediately disclaimed all responsibility for the events. On this occasion, the coalition demonstrated for the first time a new style of exercising power. This style consists of pandering to cheap tastes, a lack of courage in outlining openly the real dilemmas and dangers, attempts to hide behind the backs of previous governments, and delaying the resolution of difficult issues as long as possible. Such a stance cannot but lead to stagnation, since simple matters are really few in a country that is undergoing significant systemic and economic changes.

Stagnation is dangerous. Toward the end of 1993, Poland was still a country with an excessively high rate of inflation and an excessively large public sector. Many economic sectors were in need of profound changes. We were a centralized state in which only 10-12 percent of public finance remained under the control of *gminas*. We were a state with a relatively large redistribution of the national income through the budget. During the 1993 election campaign, the SLD bandied about a utopian slogan: "There is another way." However, the balance sheet should be more substantive after 1.5 years in power.

The choices of the SLD-PSL coalition were to reduce the powers of the central authorities and transfer schools to the jurisdiction of *gminas* or to delay this process. As usual, it was resolved to delay the process. Given that a lack of discipline continuously plagues our budget, it was easy to foresee that education (along with health care) would shortly accumulate debts going into the trillions. Succumbing to pressure from the trade unions, the government resolved to treat the symptoms of the disease rather than its underlying cause. This was precisely what the operation of "debt cancellation" was about. Directors who overspent their allocated budgets were given money to pay the debts. Directors who enforced budget discipline got nothing over what was allocated in the budget.

Directors of schools and hospitals, school superintendents, and other officials who paid little heed to the budget and were "good" to their subordinates were thus rewarded. In turn, those who engaged in saving practices antagonized trade union members and personnel, and the government made them look ridiculous. The consequences were not long in coming: By the spring of 1995, the amount of debt had reached the original preoperation levels. Only then did the government advisors acknowledge that the debt cancellation decisions had been erroneous.

However, the concept of shifting control over a significant proportion of the budgetary sector to local democratic institutions, which are simply closer to the locations where the money is spent and to those who use services, is still a losing proposition, given the political mentality of the coalition. First, the pilot project was delayed; then, being aware of the apparent reluctance of the government and being unable to come to an agreement with it on financial matters, many cities restricted their participation in the experiment. The SLD initially came out in favor of the *powiats*, whereas the PSL "debated" the issue. Ultimately, the sensitive issue of *powiats* was bypassed entirely in a new coalition agreement signed when the Oleksy government was created, which in essence amounts to the coalition partners' consenting to the abandonment of decentralization in the country.

Instead, promises to "reform the central echelon" were announced with fanfare. Let us not dwell on the issue of whether this is indeed the greatest systemic problem in Poland. It is beyond doubt, however, that functions of the central administration depend primarily on two matters. The extent of state presence in the economy is the first such matter—or more specifically, an answer to this question: Does the government want to carry on privatization (and will the structures of state administration be subordinated to this task), or does the government want to retain state control over a considerable proportion of enterprises indefinitely? The extent of decentralization and privatization of public services is the second matter: Will the central echelon merely lay down and enforce the laws, with *gminas*, insurance institutions, etc. being the administrators of funds, or will the funding of public services be the domain of the government?

The coalition has not come up with a clear-cut answer to any of these questions. Therefore, it is not known for what purposes the new administrative structures of the government are to be created. If their mission is not defined, we will merely perpetuate the status quo as a result. All the energy invested in reorganization will serve to slow down changes, rather than give them an impetus.

From the very beginning, the issue of privatization became a subject of acute controversy between the government and the opposition. Initially, the attention of the public focused on the "brakemen of privatization," as PSL deputies headed by Bogdan Pek, the chairman of the Sejm commission for ownership transformation, were nicknamed. The omnipresence of Pek in the parliament and in the media obscured a more fundamental question: Could it be that the locomotive had been uncoupled? The recall of Pek and, subsequently, a change of the government revealed that the efforts of the "brakemen" were not all that dramatic, since they did not have to contend with any actual force favoring privatization within the coalition. The program of National Investment Funds is still sitting on the reefs. Most foreign trade organizations still make up a reservation of the state sector. The number of capital-based privatization projects is small, although decisions in this matter do not depend on the parliament.

Instead of privatization, the coalition fosters the mirages of "comprehensive commercialization." However, the manner in which the coalition exploits the fact that coal and copper mines and power transmission grids have turned into partnerships of the state treasury gives rise to considerable apprehension. After all, in reality, commercialization is used for personnel purges with markedly political overtones, rather than for improvements in management techniques. Besides, changes in the charters of partnerships point toward a transfer of the right to nominate boards to the meetings of partners (or actually to the minister), depriving the relatively independent councils of trustees of this right.

Direct subsidization of hard coal production came to an end definitively in 1992. Coal concerns began to operate in early 1993. Mining had already approached a point at which its indebtedness could stop growing. Unfortunately, the trend was reversed in the same year. The growth of wages once again outran the economic potential of mines. At the same time, the government made its first decisions to postpone the final closure of unprofitable mines. Therefore, it should be recalled that the program for liquidating unprofitable mines was stretched out over many years and, to a considerable degree, took into account the demands to maintain employment; thus, it was too slow to begin with, from an economic point of view.

Since 1994, export prices for coal have been lower than within the country—which means that Polish industry and Polish consumers began to subsidize foreign customers and give business to companies which...import Polish coal back to Poland.

Energy prices are a significant influence on the cost of production and the cost of living. For this reason, the previous governments tried to accomplish a dramatically difficult task: on the one hand, to raise energy prices, which were kept artificially low in the People's Republic of Poland (and from which the excessive energy intensiveness of our economy resulted), while, on the other hand, introducing arrangements that would cause the cost of energy production to decline in real terms. This path led to restructuring brown coal mines and introducing competitive rules in the power industry.

Last year, even the mildest version of programs for changes in the structure of mines and power stations collapsed. In May, when the PSE [Polish Power Grids] SA were preparing to implement a system of contracts with power stations (signed in keeping with the criterion of production costs, which was supposed to be the first stage of introducing competition in this naturally monopolized sector), Minister of Industry Klemens Scierski dismissed PSE SA Chairman Professor Jan Popczyk, the chief architect of reforms in power generation. The least productive power stations felt better right away.

Successive projects of reforms in the oil sector have been creeping from privatization toward centralization and monopolization.

Meanwhile, as the government loses control of inflation, it revisits methods practiced in the times of the People's Republic of Poland. Announcements have already been made about containing the growth of official prices for energy. This is yet another example of treating symptoms rather than the underlying causes of a disease. Instead of systemic arrangements that make it possible to reduce the cost of power generation, strictly administrative arrangements that necessitate the introduction of open or hidden budgetary subsidies, or tacit consent to the further depreciation of the capital assets of our power generation, are planned. Depreciation of the capital assets amounts to nothing other than eating away at our national wealth, which the left wing and the PSL people otherwise so eagerly decry.

The situation in the foodstuffs market is an important influence on the wallets of all consumers and the rate of inflation. The introduction of compensatory fees could not but cause the growth of prices for foodstuffs. When the consequences of this operation were already visible to the naked eye, in his last days in office, Prime Minister Pawlak expanded the list of goods to which compensatory fees apply. The Oleksy government could not manage to make a decision and carried on a fruitless discussion of the so-called inflation control package until as late as June 1995. On Thursday, the prime minister said in the Sejm that consumers need to be protected from a "market running wild." Minister Roman Jagielinski made a more precise statement: He would like to introduce administratively set margins in foodstuffs sales. However, in the opinion of the head of the agricultural department, a market should be "organized" first. What this means is not known, but it sounds ominous. So far, sugar production has been "organized" (through the sugar law), which has already caused prices for this product to rise considerably. Despite the fundamentally unfavorable stance of the government, deputies of the ruling coalition have referred to a Sejm commission a draft law on the alcohol monopoly.

It is astounding indeed that not only theoretical knowledge but also palpable experience from a couple of years ago cannot find a way to the minds of those who govern. Poland has already had trade markups and price controls and "organized" markets. We know what they led to: empty stores and kilometer-long lines...although state farms were operating full tilt; although land did not lie fallow; although the government itself organized, before each harvesting campaign, a market for cord used by sheaf binders, machinery parts, and soft drinks for farmers, and even ordered the shops in rural areas to stay open longer. Are we to go back to the "good old times"? Even now the foodstuffs market expressly shows the consequences of a lack of competition, protectionism, and errors made by the Agency for Agricultural Marketing, which is supposed to take care of intervention purchases in foreign markets in order to prevent the excessive growth of prices for agricultural products.

It should be recalled that, at the same time, the extent of wage controls at state enterprises was reduced, and wage and benefit indexation in the budgetary sector was expanded. A lack of competition on the foodstuffs market and indexation are proven methods for pushing up the rate of inflation. In view of the independence of the central bank and a better monetary discipline, the confluence of these two blunders is no longer as dangerous as in 1989, but it is better not to play with fire.

Abandoning this or that reform does not yet amount to a catastrophe. Whqat counts, however, is the total of such abandonments, which bring about about delays in productivity improvements in the economy and a lack of success in fighting inflation. Except for one month, the annualized rate of inflation has been above 30 percent throughout this year. A plan to reduce inflation to 17 percent in 1995 remains in force, except that this time it is a plan for 1996.

In the fall of 1993, the victorious coalition complained that it was impossible to develop a radically different budget for the next year. Now one would want to say: Thank God for that.... In 1994, redistribution of income did not increase a lot. The new government raised the rates of the income tax. However, the government swore solemnly that this was for one year only.

No savings were successfully imposed as 1995 expenditures were being planned. This had been easy to predict. Thus, the budget and extrabudgetary funds spend over 50 percent of the GDP. They must take the money away in order to spend it. The higher rates of the income tax and the import tax were extended. A tax on exchange transactions was added. The list of companies subject to the VAT tax was enlarged. Recently, taxes were laid on heirs to workshops and farms. The government is working on a law on taxing incomes from capital.

Tax hikes slow down private investment and thus restrict the economic development of the country. However, they by no means serve to increase outlays on infrastructural investment projects or education. "Investment in the individual," which has been so widely advertised by Deputy Prime Minister Kolodko, remained a hollow promise.

Apart from raising taxes, the 1995 budget has turned out to be difficult to implement. Unlike the two previous years, the deficit has been snowballing: In the first four months, it reached almost one-half of the level planned for the entire year, despite the fact that the government had no difficulty collecting taxes. Most obviously, either projections or discipline in making expenditures have failed.

The social sphere is the main beneficiary of the swelling budget. Two examples will demonstrate the determination of SLD politicians shown in expanding the "social empire" headed by Minister Leszek Miller.

When the Sejm began to consider a package of laws belonging the Enterprise Pact, amendments to the privatization law were put on hold. Instead, a law establishing a new type of mandatory insurance (guarantees of the payment of remuneration in the event of employer insolvency) was passed with extreme haste. A contribution went along with it, just as with any other mandatory insurance—0.5 percent of gross remunerations. It soon came out that the Fund of Guaranteed Employee Benefits was running a substantial surfeit. This gave rise to concern for two reasons. First, since the administrators of the fund have full coffers, they are naturally less interested in collecting what is due to them from the bankruptcy estate of enterprises. Second, the full coffers prompt the authorities of the fund to be more generous in making arbitrary decisions which the law authorizes.

Toward the end of 1994, deputies from Freedom Union proposed to reduce contributions to 0.1 percent. The proposal was rejected, but the fund continued to swell. Therefore the contribution was ultimately reduced to 0.2 percent. This "did not help" either, because proceeds still exceed outlays. The despairing government resolved to introduce new benefits in mid-1995 in order to somehow get rid of the surfeit of money. Pertinent laws were sent to the Sejm on the fast track.

All of this is not happening on the moon but rather in Poland, where an employer wishing to raise the wage of an employee by 100 zloty, net, must spend about 200 zloty.

Here is the quintessence of the political and economic philosophy of the left wing: to fleece the people for taxes, ruining the lives of entrepreneurs who try to reduce costs, improve the economic environment, and create new jobs, while on the other hand adding to the ranks of people in need, in order to have someone to take care of with funds from these taxes, thus earning their gratitude during the next election. A candle to the poor, and a candle end to the rich.

The next example: The press reports that a dispute is on in Lodz over whether a permit to hire 1,000 seamstresses from Belarus should be issued to local employers. The companies are not in a position to increase output because they do not have locally available labor. It is possible to import employees or export capital, i.e. move the manufacturing enterprise to another country.

A few years back, Lodz Voivodship ended up on the list of regions endangered by structural unemployment, and everybody pondered how to attract investors there. However, from a certain point on, the voivodship has evidently failed to meet the criteria of a region with heightened rates of unemployment. Despite this, an extended period of unemployment benefit eligibility and other special regulations still apply there.

At a meeting of the budget commission of the Sejm that discussed the 1995 budget, a representative of the Ministry of Labor acknowledged freely that the volume of funds for unemployment benefits was overestimated, but said that the department "will cope with this somehow." As one can see, things have gone quite well for the department.

At the same time, funds for many expenditures, e.g. road repairs, were missing in this year's budget. However, the labor department has a markedly better political standing than the transportation department, to say nothing about the electorate of the Lodz deputy, Miller. What are the consequences? Benefits for a person who is not working, although there are vacancies, will be financed from the budget, but there will be no funds for the directorate of public roads, which would ultimately pay the people for work done while repairing roads or producing needed materials.

The Ministry of Labor has recently unveiled a draft of reforms in the system of social security. The draft does not include a simulation of budget accounts beyond the year 1995. It is obvious that the system needs to be changed; retirement benefits should depend to a far greater degree on contributions paid during the period of employment. Yet, the draft proposes a state retirement benefit in the amount of 30 percent of the average wage, that is, comparable to the current minimum retirement benefit. The retirement benefit would be paid...to anyone reaching a certain age regardless of whether or not he has worked even a month in his life, what his labor tenure is, what kind of contributions he paid, what his assets are, etc. This is an arrangement that is ideal for operators in the second economy. It is easier to save up for one's old age if one does not pay contributions and the minimum paid from the state coffers is guaranteed anyway.

This is yet another redistribution scheme with unknown consequences for the future budgets which offers benefits not tied to work. Let us note that this is not about aid to the poor, targeted on persons in need, but rather yet another "entitlement."

The base for cost-of-living adjustments in retirement benefits, which at first amounted to 91 percent, was raised by the victorious coalition to 93 percent. However, in keeping with SLD election promises, it should grow to 100 percent. Therefore, the government is looking for ways to reduce other coefficients in order to save the retirement benefit system from collapse. Not a single minister has the courage to utter straightforwardly the quite obvious truth—that it is impossible for the value of benefits in real terms to keep growing.

Unfortunately, the experience and government announcements to date prove that the left-wing coalition lacks the political will to carry on real reforms necessary for the sake of the long-term development of Poland, an increase in the number of jobs in the production sectors, and an improvement in the standard of living. Issues that must be resolved keep getting deferred. The social contract, which is what the State Enterprise Pact was, is implemented selectively. Social arrangements, particularly privatization, wait. Attempts are made to treat the symptoms of all problems without going for the underlying disease. Time passes. It will soon be 600 days since the left wing came to power and 100 days in office for Prime Minister Oleksy.

This was not the first election to be won by a political camp that, in the course of the campaign, made promises that cannot be kept. The sin of demagoguery has been committed by politicians in various parts of the world to one degree or another. However, there are politicians capable of noticing the moment when the campaign ends and the time comes to begin governing. They know how to make a transition from pandering to the various tastes of voters and currying favor with the people to assuming responsibility for the fate of the state and the society. In the long run, this is precisely what the voters expect of them.

Carlos Menem in Argentina and Leonid Kuchma in Ukraine likewise did not come in with an offer of "blood, sweat, and tears," which would have been completely justified in their countries to begin with. However, after they won, they undertook the work of reform and opted for responsibility. It is precisely to this that Menem owes his reelection to the presidency.

Unfortunately, there is nothing to indicate that Kwasniewski, Pawlak, Oleksy, and their comrades have that much imagination.

Tinca Foresees No 'Generalized Balkan Conflict'

AU0808202295 Bucharest Radio Romania Network in Romanian 1900 GMT 8 Aug 95

[Statement by Romanian National Defense Minister Gheorghe Tinca to an unidentified Bucharest Radio reporter in Bucharest on 8 August—recorded]

[FBIS Translated Text] [Reporter] In connection with the evolution of the conflict in former Yugoslavia, the Romanian defense minister remarked:

[Tinca] Both the neighboring countries and all of Europe, as well as the United Nations, are well aware that such things must not happen, and all efforts should be made to keep the situation in former Yugoslavia under control.

No doubt, a potential danger has been created for the Balkans. However, I think that we are far from putting the equality sign between the conflict on the territory of former Yugoslavia and a generalized Balkan conflict. I would like to point out that the relations, as well as the situation of the ties among the Balkan countries—even those between Turkey and Greece, if you wish, countries between which there has been tension and there still are certain problems—well, they are far from being a conflict situation.

I would also like to mention Romania, Bulgaria, and Albania, all countries having normal relations, in my opinion, and they by far cannot be termed as forerunners, if I may say so, of a generalized conflict in the Balkans.

I think that the right thing to do is to view the conflict in the Balkans the way it really is, realizing its dramatic and tragic nature, undoubtedly, but still, we should try to see the essential, namely that despite all its dramatic and tragic nature it is confined to the space of former Yugoslavia.

The essential thing is that other countries in this area should not let themselves be dragged into a dangerous, uncontrolled evolution of this situation.

New Hungarian Ambassador Views Relations

AU0808154195 Budapest NEPSZABADSAG in Hungarian 7 Aug 95 p 7

[Interview with Ferenc Szocs, newly appointed Hungarian ambassador to Romania, by Gabor Szego; place and date not given: "Where Do Relations With Romania Stand?"]

[FBIS Translated Text] [Szego] One can hardly speak of Hungarian-Romanian relations nowadays without focusing on the issue of the basic treaty that many people think has foundered, although bilateral relations are obviously much more multifaceted than that. How do you evaluate the system of bilateral relations as a whole? In what areas can one notice progress and what areas are lacking such progress?

[Szocs] Obviously, the basic treaty has been the main subject recently. Of course, this is understandable, but the circle of our bilateral relations is much wider. For example, we signed a memorandum at the foreign ministerial and state secretarial level this spring, a memorandum that outlines some kind of a work schedule in almost every area of life. It covers four big categories, namely the development of political-legal, economic, cultural-scientific- educational, and consular relations, and it details the tasks in as many as 55 points. The basic treaty is only one of them, albeit the first one. Therefore, the system of our relations is rather rich and the picture is rather complex. There are quite a few examples of positive developments; for example, our military and defense contacts are developing in a positive way and they have a positive effect on other spheres as well, and I can also mention cooperation in the areas of interior ministry, transport, and environmental protection. Cooperation has begun in avoiding environmental pollution, and we are trying to sign a more comprehensive treaty on environmental protection and water management .

Economy

[Szego] To what extent can economy provide a basis for improving relations?

[Szocs] The economy can also be listed among the positive examples. Our trade turnover has increased by almost 20 percent every year since 1992, and trade in the first half of this year increased by 40 percent compared with the same period last year. Both Hungarian and Romanian exports increased, and Hungarian exports increased slightly more dynamically. If this trend continues, we will soon be able to reach the level of the second half of the eighties. At the time of the change in the regime, our trade dropped to almost nil from the aforementioned peak, and we had to climb back from this. It is also a welcome fact that there are about 1,600 Hungarian mixed enterprises operating in Romania today, and these enterprises carry out a considerable part of the bilateral trade. Hungarian capital invested in Romania is estimated around $18 million. The number of mixed enterprises registered in Hungary is much smaller, but there are many such examples too. There are further opportunities as well, because Romania is a big and close market for us. The legislative conditions are also developing positively for all this: We have already signed an agreement on investment protection and avoiding double taxation. All in all, I would not use black and white evaluations and I would refrain from only pointing out the difficulties, although it is clear that bilateral relations are developing much less favorably in many other areas. However, if the program of expanding existing border-crossing points and building new ones scheduled for this year is implemented, this will alleviate the tensions in a rather sensitive point.

[Szego] However, the Hungarian position on the possible introduction of visa requirements might have a detrimental effect on these relations.

[Szocs] There has been no such effect so far because, for the time being, the issue is still in the phase of evaluation and examination. Of course, the reaction of ethnic Hungarians in Transylvania is well known, and it is also clear that, in case this visa requirement is introduced, we will also have to take into account reciprocal measures from Bucharest.

[Szego] The reopening of the Hungarian Consulate General in Transylvania is an old subject for debate.

[Szocs] The expansion of the network of consulates is obviously a subject mentioned frequently, because we strongly feel the lack of a consulate general in Kolozsvar [Cluj]. We have been presenting this problem at interstate negotiations for years. The Hungarian side thinks it is necessary to open at least one, but preferably two consulates general, as well as to appoint honorary consuls in other regions but, as Romanian citizens, they would only play a limited and supplementary role. As a location, Transylvania is absolutely logical, and tourism and the settling of citizen affairs also justify this. Kolozsvar was a favorable place for us, but other cities might also be considered if the Romanian side comes up with weighty reasons against this location.

Basic Treaty

[Szego] This will probably lead us to the area of political gestures, because certain Romanian political forces oppose both the idea of consulate general in Kolozsvar and the basic treaty. Do you still see any chance of signing this document in view of the fact that no date for the continuation of talks was set after Hungarian Foreign Minister Laszlo Kovacs's recent meeting in Bucharest?

[Szocs] Hungarian diplomacy regards the Hungarian-Slovak basic treaty as an example for a treaty with Romania as well; of course not a literal copy, but a similarity of concept and content. We also want to rely on European norms and accepted documents in our relations with Romania. We must continue seeking a compromise by all means, because an interrupted open series of negotiations in itself could have unfavorable effects as well.

[Szego] Could the recent Romanian educational law torpedo the continuation of the talks?

[Szocs] There is no direct connection between the two things, although the unfavorable reaction to this law manifested in Hungary and among the ethnic Hungarians in Transylvania is well known and it can hardly contribute to the advancement of negotiations that are in a sensitive phase as it is.

[Szego] Does the same apply to the occasionally rude political and press campaign against the Democratic Union of Hungarians in Romania [RMDSZ—UDMR in Romanian]?

[Szocs] We urge a steady dialogue between the RMDSZ and the Romanian Government, but the name RMDSZ does not appear in the basic treaty. However, the legitimate right of the ethnic Hungarians in Romania to establish and operate political parties is among the debated issues. The issue of verification of the future treaty is also under debate: We would like some sort of a steady supervision and concrete mechanism, a bilateral mixed committee that would monitor the implementation and observation of obligations accepted in the document.

"Package"

[Szego] With what ambassadorial "package" and principles do you start your activity? How do you envisage the future?

[Szocs] I think it is also Hungary's basic interest to see democratization, economic development, and modernization advance in Romania. The good general mood of the ethnic Hungarians in Romania is similarly important for us, namely to continue the process of developing a middle class and to find their place in their homeland. At the same time, it is in Hungary's interest to see Romania succeed in its efforts for European integration, just like Hungary. The intention of exclusion is harmful by all means. It is even easier to argue when we are members of the same "club."

Army To Test U.S. Planning, Budgeting System

AU0808165695 Bucharest EVENIMENTUL ZILEI in Romanian 3 Aug 95 p 8

[Report by George Scarlat: "The Romanian Army Will Be Structured in a Way Similar to the U.S. Army"]

[FBIS Translated Text] "The Romanian Armed Forces and the Ministry of National Defense are to be structured, from the managerial point of view, in a way similar to the U.S. Armed Forces and the Pentagon," stated to our reporters Dudu Ionescu, a member in the Chamber of Deputies Defense Panel on behalf of the PNTCD [National Peasant Christian-Democratic Party].

Yesterday the aforementioned panel held a meeting, within the Partnership for Peace program, with representatives of the U.S. Armed Forces, the purpose of which was to prepare the implementation in Romania, intended as a test run, of a planning, programming, and budgeting program that is similar to the one used by the U.S. Army. If the testing is successful, the program is to be made general and will become the definitive system of the Romanian Army in the aforementioned fields.

SPP Head Releases Deputy Director From Office

AU0808175295 Bucharest EVENIMENTUL ZILEI in Romanian 4 Aug 95 p 1

[Article by Doru Dragomir: "Major General Constantin Tucan, the Deputy of the SPP Director, Was Released From His Office"]

[FBIS Translated Text] On 25 July 1995, upon a proposal made by Major General Dumitru Iliescu, the director of the Guard and Protection Service [SPP], Romania's president signed a decree releasing Major General Constantin Tucan from his office as deputy of the SPP director.

Major General Tucan used to coordinate directly the work of the Guard and Protection Body for the Romanian Government, the Guard and Protection Body for the Parliament, and the Guard and Protection Body for the Presidency. He had been promoted to the rank of major general on 1 December 1994.

In connection with his being released from that office, Colonel Ioan Mija, the SPP spokesman, made the following exclusive statement to our reporters: "He was not deposed. Here we have to deal with the restructuring of the leadership offices at the top of the SPP. According to the law, the SPP director may have only two deputies, rather than three as before. Major General Tucan was given a different assignment within our service and now occupies an office that cannot be made public."

Following this change, Major General Dumitru Iliescu now has a first deputy, who is also chief of the general staff, in the person of Lieutenant General Gheorghe Aradavoaice, and a deputy for logistic issues in the person of Major General Nicolae Banuta. The tasks formerly assigned to General Tucan have been taken over by Lieutenant General Gheorghe Aradavoaice.

Is this move a sign, perhaps, that General Iliescu has emerged victorious from his battle with [Greater Romanian Party leader and Senator] Corneliu Vadim Tudor?

Foreign Ministry 'Hails' Reintegration of Krajina

AU0808145895 Ljubljana Radio Slovenia Network in Slovene 1330 GMT 8 Aug 95

[FBIS Translated Text] The Slovene Foreign Ministry today issued a statement for the public in which it hails the reintegration of the territory of the so-called Krajina into the Croatian constitutional and legal order. The Ministry is of the opinion that the latest events have increased the possibility of a political solution for the resolution of differences and conflicts in the crisis areas.

The Ministry particularly welcomes an appeal by the Croatian authorities, which safeguards civic rights for the residents of this area and promises local elections under the inspection of the international observers. At the same time, the Ministry regrets that Croatia did not manage to accomplish its goal without casualties on both sides and that civilians also suffered.

Communique on Draft Land Ownership Amendment

95BA0288D Ljubljana DELO in Slovene 1 Jul 95 p 2

[Article by C.R.: "The Reason for the Constitutional Amendment"]

[FBIS Translated Text] Ljubljana, 30 Jun—On 29 May 1995, the government, on the basis of Article 68, Paragraph 1, of the Constitution of the Republic of Slovenia, adopted a proposal to initiate the procedure to amend the Constitution of the Republic of Slovenia. In connection with this, the government information office issued a public communique, which we are publishing below.

In numerous official and unofficial meetings between representatives of the Republic of Slovenia Government and politicians and businessmen from the developed countries of Europe, there have been references on many occasions to the rigidity of Article 68 of the Constitution of the Republic of Slovenia, according to which a foreigner cannot acquire land ownership (except through inheritance, under the condition of reciprocity). The interlocutors frequently mentioned that approach as an obstacle and expressed their expectation that the Republic of Slovenia would initiate the procedure to amend that constitutional provision, thus indicating that it is prepared to accept the rules of the game in the EU [European Union]. The EU Council of Ministers, in its declaration, also emphasized and expressed its expectation that the Republic of Slovenia would initiate the procedure to amend the Constitution.

The Government of the Republic of Slovenia thought, in accordance with its 30 September 1994 declaration on relations with Italy and on its intentions in connection with harmonizing Slovene legislation with EU legislation, that it was advisable to initiate the procedure for an amendment to the Constitution of the Republic of Slovenia through which the specification of the conditions under which foreigners can acquire property rights to land would be left to the law. In fact, most countries regulate protection, i.e., the methods and conditions for acquiring property rights to land, primarily through laws and other regulations.

Various claims have appeared in newspapers from members of the Slovene Pan-European Movement, according to whom the constitutions of Russia, the Czech Republic, Slovakia, Finland, Macedonia [The Former Yugoslav Republic of Macedonia], Bulgaria, and several other countries also contain such prohibitions in various legal-technical forms.

According to the Macedonian Constitution, foreigners can acquire ownership rights under the conditions specified by law. The constitutions of Croatia and Iceland also have a similar solution. Taking Bulgaria's identical constitutional solution as a classic model is not correct, because Bulgarian legislation does not even allow its own citizens to have ownership rights to land, and foreigners are thus not discriminated against. Estonia is also an unfortunate example for proving similar restrictions, because its legislation does not recognize restrictions on foreigners' acquisition of real estate; the same thing also applies to Poland and Hungary, which do not recognize such discriminatory provisions.

By comparing the constitutional and legal solutions in several European countries, the Government of the Republic of Slovenia wanted to show the need to become closer to the solutions of Denmark and Iceland, and also Macedonia and Croatia, according to which the extent of foreigners' rights to real estate is regulated by law, and not by the constitution itself. The claims that the statements prepared by the Government of the Republic of Slovenia in this context are untrue and misleading are consequently not correct, and not even the comparison with Bulgaria is correct.

It is also apparent from the statement on amending the Slovene Constitution signed by six prominent Slovene individuals (including three constitutional judges) that we should not be compared to different European countries, but rather primarily with those which have concluded associate membership agreements (Poland, the Czech Republic, Slovakia, Hungary, Romania, Bulgaria, Cyprus, Malta, Estonia, Latvia, and Lithuania), some of which (Bulgaria, Estonia, and Latvia), for reasons similar to ours, have similar constitutional restrictions on foreigners' property rights. They are similar, perhaps, but not identical.

What is disturbing is the a priori rejection of the right of the Government of the Republic of Slovenia, as one of the parties, to initiate the procedure to amend the Constitution of the Republic of Slovenia. The assertion in the statement on amending the Slovene Constitution that was signed by the six individuals, that the amendment to the constitutional provision of Article 68 that the Government of the Republic of Slovenia forwarded to the State Assembly as its own initiative, in view of the legal and actual circumstances, is already unnecessary, harmful, and even directly threatening state interests is incorrect and misleading. Of course, this has to do with the process of the Republic of Slovenia's inclusion in or establishment of closer relations with the EU, a process that will take several years, and not a one-time, harmful act.

The distrust of the Government of the Republic of Slovenia, the State Assembly, and other legal institutions that would supposedly permit or make possible a "sellout" of Slovene land to foreigners is really unjustified and unfounded. By initiating the procedure to amend the Constitution of the Republic of Slovenia, the Government of the Republic of Slovenia wanted to launch a more rapid adaptation of our legislation to the legal and cultural standards of the developed European countries, which quite certainly know how to and can protect their vital interests, preserve and develop their national identity and tradition, and ensure the characteristics of their countries, but do so through effective mechanisms, methods, and means, and not through a constitutional prohibition. It is precisely for that reason that the adaptation of the fundamental regulations to the solutions that Denmark and Iceland in particular have in this field seems advisable and justified. The a priori unilateral views that it is harmful, unnecessary, and even directly threatening state interests are irrational, unnecessary, and unfounded, as the public communique stated, among other things, especially in view of the difficulty and complexity of the process of revising the Constitution, which can even end with a referendum to confirm the constitutional amendments; such claims also indicate a complete lack of trust in their own country, the maturity of its citizens, and the correct conduct of the competent state authorities.

Central Bank Proposes Convertible Tolar

95BA0296A Ljubljana DELO in Slovene 5 Jul 95 p 3

[Article by Miha Jenko: "A Proposal for the Tolar's Convertibility Is on the Government's Table"]

[FBIS Translated Text] *"The government will discuss the matter, but the Ministry of Finance does not see any obstacles to it"; after all, our country has already met IMF standards for a long time.*

Ljubljana, 4 Jul—All of the indications are that Slovenia will soon declare what some people consider the prestigious and long-awaited external convertibility of the tolar. In any case, an official proposal to introduce it is hidden behind one of the decisions from the last meeting of the Bank of Slovenia's council, at which it "proposed to the Government of Slovenia that it charge the Ministry of Finance, together with the Bank of Slovenia, to study the issue of the Republic of Slovenia's transition to the regime in Article VIII of the IMF Statute."

The government is formally responsible for a declaration of convertibility. When we inquired today at the finance minister's office, we received the meager information that "the government will discuss the matter, but the Finance Ministry does not see any obstacles to it." After all, our country has met the standards for the external convertibility of currency for a long time, but to date it has not yet been officially announced, primarily for tactical reasons. One of the main hindrances in the past was primarily the uncertain negotiations with the representatives of commercial banks. A declaration of external convertibility for the tolar could be proof to foreign creditors, even though symbolic, that they can impose an even greater burden upon Slovenia in repaying the former state's debts. After the Slovene negotiators accepted the first, tentative agreement with representatives of the international creditors' committee, it seems that the above-mentioned hindrance has lost at least some of its importance.

The Slovene side was obviously also encouraged to introduce external convertibility for its currency by the recent IMF mission. As we know, New York bankers have been urging our authorities to take that step for some time now. And what can we expect from the introduction of external convertibility? The prevalent belief in professional circles is that the decision to introduce external convertibility does not bring any essential substantive changes by itself, because the tolar is not a currency that would be used as a means of payment to a great extent abroad. It is more a matter of the policy of the IMF, which is interested in having countries that meet the conditions for introducing external convertibility (i.e., for the transition from Article XIV to Article VIII of the IMF Statute) also formally coordinated. Slovenia should thus at least consolidate its position within the IMF to some extent. There are also different explanations as to whether it is a prestigious action or not, but in any case Slovenia will not be the first of the reform countries to announce external convertibility.

According to Dr. Joze Mencinger, a member of the Bank of Slovenia's council, "there is no reason why Slovenia should not shift to Article VIII of the IMF Statute and declare external convertibility. For some time now we have been making the excuse that we still have to settle some other things before that. By making the transition to Article VIII of the IMF Statute, a country renounces any sort of restrictions on current transactions, but in this regard there are a tremendous number of other conditions that allow it a different agreement. Slovenia could afford to do it even in the event that it did not reach an agreement with the commercial banks, because that article applies exclusively to current transactions. It has to do more with the psychological effect, and Slovenia's rating may also increase, but one should not expect anything in particular from that."

The introduction of external convertibility for the currency and the transition to Article VIII of the IMF Statute formally mean that an IMF member state has to eliminate all restrictions on payments and transfers in current international transactions; it has to promise that it will not introduce restrictions on current payments and transfers in foreign transactions without permission from the IMF; the state has to avoid discriminatory currency arrangements or a system of multiple exchange rates. In addition to this, it has to engage that it will be obligated to exchange the balance of its own currency that another member owns, namely by conversion between the monetary authorities of the member states. To be sure, an IMF member can use restrictions on capital transactions, but not in a way that restricts current transactions abroad.

Implications of FRY-Italian Relations Viewed

95BA0288E Ljubljana MLADINA in Slovene 27 Jun 95 pp 24-25

[Article by Igor Mekina: "Common Interests"]

[FBIS Translated Excerpt] *While Italy is causing Slovenia considerable difficulties in the foreign policy area, for the Federal Republic of Yugoslavia [FRY] "Italy wants to be a bridge that would bring that country back to Europe again."*

Last week, when the president of the Trieste Chamber of Commerce, on the occasion of the formal organization of an FRY Day at the Trieste summer fair, received Rajko Uncanin, vice president of the Serbian Chamber of Commerce, even the protests by the Italian Greens could not conceal that this symbolic action was only the tip of the iceberg. The neofascist Giacomelli, the members of the List for Trieste, and Socialist Senator Agnelli, in fact, are only the most extreme adherents of the faction in Italian politics that is demanding increasingly friendlier relations with Serbia and Montenegro.

Harmony of Interests

The increasingly friendlier relations between the FRY and Italy are governed by both countries' interests, and began at the same time as the collapse of Yugoslavia. Although for a long time Italy advocated the unity of Yugoslavia, with its collapse Italy gained an opportunity to redefine its foreign policy. The most important novelty, of course, was the fact that with the collapse of the Socialist Federal Republic of Yugoslavia [SFRY] and the withdrawal of the "curtailed" Yugoslavia to the Serbian-Montenegrin ramparts, the numerous previous conflicts between the two countries objectively disappeared. The issues of minorities, debt, and the emigrants' property in Slovenia and Croatia thus remained primarily problems in Slovene-Croatian-Italian relations. At the same time, Italy, which in contrast to all the other EU members still had a border at sea with the Serbian-Montenegrin federation, was also much more interested than the other European countries in good relations with Serbia. The disputes with Slovenia and Croatia over the validity of international treaties were a third factor that influenced the favorable atmosphere between the two countries. Belgrade, in fact, is still the only depository of original and important documents, and of information that is urgently important to Italy for its negotiations with Slovenia and Croatia. All of this, and the formerly quite large trade between the two countries ($450 million) and the Italian economy's economic interests (Fiat in Crvena Zastava, Italian investments in Serbian telecommunications, roads, and railroads), of course, led in time to quite close relations between the two countries.

Of course, there is no lack of evidence of this. Italy, in contrast to the other European countries, thus never imposed visas for Serbian and Montenegrin citizens, and still remains the Western country to which one can travel from the FRY with the least trouble. Italy also never introduced any restrictions on Serbian and Montenegrin vehicles. That also applies to diplomatic pressure. Italian Prime Minister Andreotti visited Belgrade immediately after the imposition of the embargo, and at the time when the FRY was most isolated in the international community. The opposite also applies: Yugoslav Foreign Minister Vladislav Jovanovic's diplomatic offensive in mid-March 1995 began precisely in Rome, with a visit to Pope John Paul II and Foreign Minister Agnelli. On that occasion, the Yugoslav foreign minister stated quite directly his satisfaction with Italian policy toward Serbia. [passage omitted]

The day after that speech, Jovanovic was received by Susanna Agnelli, and a day later by Pope John Paul II and Vatican Secretary Angelo Sodano as well. The favorable atmosphere in Rome also spread to the

Vatican. The pope, in fact, in connection with his meeting with the Yugoslav minister, twice publicly expressed concern about the consequences of the UN sanctions for the FRY's civilian population, and thus emphasized "the difficult situation that the population of Serbia and Montenegro is living in because of the UN sanctions." Jovanovic, who once demanded that the pope, as Willy Brandt did in Jasenovac, publicly apologize for the crimes of the Catholic Church, repaid the pope's compliment at the audience and said in a conciliatory manner that "many disagreements that existed between us and the Vatican belong to the past, and they should be understood as such both at the present time and in the past."

Italian Minister Agnelli probably understood the hint very well; after she visited Zagreb, at the peak of the crisis over the Serbs' seizure of hostages, she went on an official visit to Belgrade, and thus Milosevic could announce the successful outcome in the presence of a high-level guest. The Italian minister did not remain indebted to Milosevic, because at several meetings of the EU Council of Ministers she clearly presented to her other counterparts the Serbian arguments on the need to lift the embargo.

Italian Bridge

One also cannot overlook the accompanying cultural events. Less than a month ago the Italian Embassy in Belgrade organized a two-month tour by Italian writers, historians, and artists. The first secretary at the Italian Embassy, Stefano Sannino, said on that occasion that "Belgrade was not chosen for the promotion of Italian culture by chance," and that "Italy wanted to be the bridge that would bring that country back to Europe." After three years of isolation, the Italians were thus the first ones to break through the cultural embargo that the Serbian capital was living in.

In addition to politicians and artists, Italian businessmen are also highly esteemed in Serbia. The most important one is said to be Giovanni di Stefano, who appeared in Belgrade in October 1992, bought a parcel of land next to Milosevic's residence at 31 Tolstojeva, and immediately obtained Yugoslav citizenship. Although he claimed in the beginning that he had half a billion dollars in capital and that among other things he was also the owner of the MGM corporation, it turned out later that Di Stefano was primarily an associate of the Italian magnate Paretti, who was involved in several financial scandals. In Belgrade, Di Stefano soon bought Radio Pingvin, and after the unusual death of his colleague, inherited the entire Sumadija enterprise, and also became a personal friend of Zeljko Raznjatovic (Arkan). Di Stefano likes to praise the Serbian president and Serbia, and is also not stingy about big gifts. He thus paid for Raznjatovic's wedding, which cost 300,000 German marks, and sponsored the automobile races of Milosevic's son Marko. In spite of this, in the last elections he participated in the election campaign without any difficulties and helped his friend Silvio Berlusconi.

Serbia and Montenegro are also a suitable refuge for some other "businessmen." The heads of Italy's "fourth Mafia," fleeing from the trial that awaits them in Brindisi, fled to the coast of Montenegro, and are currently in Bar, Zelenik, and Ulcinj. Benedetto Stano, called Adriano, lives in Montenegro, and controls from his villa the "United Holy Crowns," and Mafia chief Toni Pagano is also with him. Whenever they want to go to the other coast, they simply get into one of the fast white boats that they withdrew to Montenegro for fear of confiscation. They are home in just a few hours. Catching them is just as impossible as demanding extradition.

The same atmosphere of enthusiasm about Italy can also be observed on the edge of Serbian territory. After the return of some symbolic real estate to the former Italian emigrants in Krajina, there was a visit by Socialist Senator Agnelli and several members of the right-wing Italian parties to Knin, and representatives of the Bosnian Serbs have also publicly expressed their friendly feelings toward Italy on several occasions. The Italian newspaper L'INFORMAZIONE's interview with General Ratko Mladic is a good illustration of their mutual sympathies. [passage omitted]

Legal Traps

It would all be funny if the warming of relations and the simultaneous diplomatic isolation of Ljubljana were not also accompanied by certain dangers, though still limited ones. In view of the fact that an inventory of all the confiscated Italian property in Zone B has not yet been discovered in the Slovene archives and that that inventory is in Belgrade (like all the other international treaties that are important to Slovenia), the Italian-Serbian rapprochement could, of course, also threaten Slovene negotiating interests. It is known, for example, that Italy is only demanding that Slovenia return the property that is "still publicly owned," and that through the accelerated privatization of that property Slovenia could simply reduce the amount of real estate that could even be negotiated about. That would be considerably more difficult, of course, if Italy had the precise data on the confiscated property that Belgrade could provide.

Another danger lies in the rules that regulate succession to international treaties. The 1978 Vienna convention on succession to international treaties, specifically, provides with respect to multilateral treaties that in the event of the secession of parts of a state's territory, "every treaty that applied to the entire state on the day of the state's succession also applies to every state that has thus arisen." The only exception is treaties that were concluded only for part of the former state's territory. In the case of bilateral treaties, a different principle has been established, and so those treaties need to be confirmed once again. Although the Osimo agreements or the 1983 Rome agreement, for example, actually only apply to Croatia and Slovenia and Italy has confirmed them, at least with respect to Slovenia, in the future there could be new complications if the FRY's state continuity were recognized and Italy also recognized the FRY's status as a successor to the Osimo and other treaties with Italy. In fact, as the convention states, for succession to bilateral treaties it is sufficient for both sides to "agree explicitly" on it. It is easy to imagine such an agreement between Italy and the FRY, of course. There is no doubt that Italy could conclude a treaty with the FRY regarding the emigrants' property (for example in Krajina or Montenegro), in an attempt to prejudice the solution of the Slovene-Italian dispute in accordance with a model unfavorable to Slovenia.

Slovenia, which for years has conducted a more rigid policy toward Serbia than any Western country, would therefore simply have to attempt a somewhat more pragmatic approach, and also weaken some future Italian diplomatic maneuvers through direct negotiations with Belgrade.

Federal

Croat 'Genocide of Serbs' Severely Condemned

LD0808224595 Belgrade TANJUG in English 2233 GMT 8 Aug 95

[FBIS Transcribed Text] Belgrade, August 8 (TANJUG)—Political parties, organizations, associations and prominent figures in Yugoslavia Tuesday severely condemned Croatia's brutal aggression on the republic of Serb Krajina and genocide of Serbs.

Ruling Socialist Party officials in the Serbian city of Kragujevac condemned the aggression, saying that it was assisted by the United States and Germany. They fully backed the Serbian and Yugoslav leaderships in "continuing the policy of peace and not allowing Yugoslavia to be drawn into war."

Dusan Mihajlovic, president of the New Democracy Party, the minor coalition partner of the socialists in the Serbian government, Tuesday said at a meeting with Charge d'Affaires of the British Embassy in Belgrade Ivor Roberts that the most important task at present was to alleviate the humanitarian crisis and prevent further military activities.

Speaking at a press conference, a spokesman for one of the largest opposition parties in Serbia, the Serbian Renewal Movement, expressed consternation at the massacre of civilians in columns of refugees near Topusko.

Spokesman Ivan Kovacevic said that the "ustasha army has repeated its World War II scenario" and that Tudjman deserved to be tried in The Hague.

The Alliance of Independent Trade Unions of Belgrade strongly condemned the Croatian military aggression and called all trade union organizations and institutions to immediately organize collecting of relief aid in coordination with the Red Cross organization.

The extra-parliamentary League of Communists-Movement for Yugoslavia condemned the Croatian aggression and stressed the need for stopping "forces of revanchism," which would prevent the conflict from spreading to the Yugoslav territory.

Montenegro's number one opposition force, the People's Party, demanded that the Montenegrin parliament meet by August 15 to discuss the situation relating to the Croatian aggression on the republic of Serb Krajina.

The Serbian Peasant Party said the United States and Germany acted hypocritically in their avoiding to condemn Croatia's brutal aggression, siding in this way with the party to the conflict that had already been condemned by the whole civilized world.

Speaking at a press conference, President of the reformist Democratic Party of Vojvodina Dragoslav Petrovic stressed the need for a "flexible policy" that would not draw Yugoslavia into fighting.

22,000 Krajina Refugees Cross Into Republic

LD0808215595 Belgrade TANJUG in English 2124 GMT 8 Aug 95

[FBIS Transcribed Text] Sremska Raca, Aug. 8 (TANJUG)—A total of 22,000 refugees crossed into Yugoslavia by noon of Tuesday from Serb Krajina, whose almost entire western section (sectors south and north) has been occupied by the Croatian Army, member of the Yugoslav Headquarters for Aid to Refugees Bratislava Morina said on Tuesday.

Morina was speaking to home and foreign reporters who visited Sremska Raca with her, the border crossing between Yugoslavia and Bosnia.

Reception centres in the Federal Republic of Yugoslavia have so far received more than 15,000 refugees from Krajina while a number have been sheltered with their kin or friends, head of the Yugoslav government staff for refugees Tomica Raicevic told Radio Novi Sad on Tuesday.

The refugee Krajina Serbs have been fleeing to Yugoslavia for five days in endless lines of vehicles across Bosnian Serb territory.

According to the latest figures, about 240,000 Serbs have left occupied parts of Krajina, and about 30,000 are in territories which Croatia still has not occupied.

"This is a huge humanitarian disaster," Morina said and appealed to international humanitarian organizations to provide every possible aid.

Morina said she was shocked that Croatian airplanes and Muslim artillery units had bombed refugee convoys.

The convoys of refugees, most of whom are children, old people and women, are moving slowly toward the Yugoslav border.

They are travelling in barges, trucks, refrigerator trucks, tractors, automobiles. Most of them are from Knin, Glina, Petrinja, Plitvice, but also from Drvar in Bosnia, and other places. Some of them have been travelling for five days.

The people are tired and shattered, with tears in their eyes, they cannot seem to believe what is happening to them. Children are crying, there are many babies.

Many are not willing to talk to reporters, especially foreign ones. They blame them for not having reported objectively about the suffering of the Serb people.

Others, who want the truth to be heard, even if it is late, say that many civilians have been killed, that Croatian forces bombed only civilian targets in Krajina towns.

They say that 250,000-300,000 people have left Krajina.

Avramovic's Economic Plan Analyzed

95BA0291A Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 3 Jul 95 pp 14-16

[Article by M. Lakicevic: "Neither in Heaven nor on Earth"]

[FBIS Translated Text] They say that not so long ago Central Bank Governor Avramovic was lamenting among close friends that at one time a journalist from RTS [Radio-TV Serbia] simply would not leave him alone, but now he "does not even notice me." Soon after that, however, the governor appeared one Friday on government television in a prime time interview with none other than this same toiler in the fields of public speech, the occasion being presentation to journalists of the document entitled "Economic Growth 1995-97," already known to the public as the "Note." But the very next day the same journalist, again on the second nightly news, interviewed Nikola Sainovic, federal deputy prime minister, who explained to the viewers in a determined voice that departures from the Monetary Reconstruction Program would not occur, so to speak, whatever the price. All of this would perhaps have not been unusual at all if two months ago the governor and his Note had not been "run over hot coals" in the Federal Government.

To recall, the Note, as stated in its preamble, is the governor's "personal assessment of the findings of the working groups and, at the same time, a personal analysis of our present economic situation" (although a bit stale because the document bears the date 20 April), "its prospects, and strategies for the future." These working groups are the Working Group for Wages and Salaries, Pensions, and Taxes, the Working Group for Reform of the Financial System, and third, the Working Group for Investments, which worked under Governor Avramovic's conductor's baton for six months, from last October to this March, with the aim of establishing some analytical support for formulating the Yugoslav economy's development strategy. So, even though the Note bears the personal imprint, it is not, or at least should not be, reduced to the private opinion of one person. It surely was not the idea for 100 people to get together day after day in one place for it all to end up in a semiprivate confession. Or perhaps that was the point?

Meanwhile, something else is certain. What appeared before the journalists on 23 June, asserts a source close to the Federal Government, is a slightly watered-down version of the document previously presented to the Kontic cabinet. We have not discovered what the watering-down amounted to, so one can only guess about all that. But there are certain elements for that. Among economic specialists, that is, it has been said for a long time that the governor is very close to accepting both the free setting of interest rates and devaluation of the dinar, which has been suggested to him from those same circles. It is also a fact that the governor ordered a study that shows more than convincingly that the present level of public expenditure, that is, the tax burden, is intolerably high and represents the main impediment to economic development. Finally, even in those working groups the governor favored a different foreign trade regime, that is, considerably lower import charges than those now in effect. All of this is in the Note. The Note also says this: "In the present situation, while we are struggling desperately for monetary stability, there can be no question of a new financing of repairs of the electric power system by the National Bank of Yugoslavia [NBJ].... Likewise, there can be no question of financing inventories of this year's harvest by the NBJ." Both things, the governor takes pains to state, must be financed from real sources (the budget, securities, through commodity exchanges, and so forth). It is difficult to say at exactly what points the governor is reproaching powerful political factors, but there is obviously ample room for disagreement.

In fact, the Note, and indeed the working groups before it, were born out of the need to solve the problems of development, because in October, according to the governor, and according to many economists a few months earlier, it was clear that nothing would come from the second phase of the Program for Monetary Construction—Long-Term and Stable Growth of Production. Aside from the official title we have mentioned, the subtitle of the Note, "Certain Central Issues of Development Strategy," also suggests this.

And that development, it was calculated in the Working Group for Investments, would take exactly $6 billion over the next three years, including this one. Nor does that include investments in air transportation (airports) and telecommunications, where the investments run to several hundred million dollars. This datum is the key fact that Governor Avramovic takes as his point of departure in the Note, dealing on the one hand with the obstacles and, at the same time, trying on the other to open up opportunities to nevertheless obtain those funds. The countries that have had the fastest economic growth in the last decade or two, analyses indicate, have had a high level of savings. Savings in our country are negligible. If the sanctions were removed tomorrow, Governor Avramovic says in one place, and someone were found who wants to finance our needs under the provision, which is customary in the world, and that one-fourth be provided from domestic sources, that is, $500 million a year, we would not be able to come close to putting together that amount. After all, domestic savings run to a few tens of millions of dinars, which is modest, to put it mildly. How are savings to be increased? One problem is restoring trust in the banks and the dinar, but a much bigger one is that the population, at least the lion's share of it, is waging a daily battle for bare existence and in practical terms has no place where it can economize, nor anything to save.

A solution that appears far simpler, at least at first glance, is foreign capital. But the obstacles that exist in that case can be shown to be far greater than the previous ones. After all, as Governor Avramovic said in the Note, "a number of observers have concluded that our legislation in this area is very restrictive and acts as a disincentive on foreign investors." Which is why the governor proposed that a group be formed to reassess those laws, because in this situation "we cannot be choosy." It remains to be seen what will come of this, but Jovan Zebic, deputy chairman of the Federal Government, has just presented a package of laws on foreign trade at a conference of economists in Budva, which he referred to as a particular success and contribution of the government.

What has already been noted to be missing from the governor's strategy is a clearer vision of the transition, that is, of the transformation of socially owned property. True, privatization is not explicitly rejected, but it is spoken of in extremely veiled terms and in quotes. To go back once again to Budva, the governor mentioned there the Montenegrin experience with privatization as something interesting and worth studying, but, at the same time, he did not forget to mention Branko Horvat and his argument that there is growing interest in self-management in the world.

Perhaps that failure to differentiate between ends and means, between initial assumptions and results, is the greatest defect of this creative manuscript in economic philosophy from Governor Dragoslav Avramovic. That is, somewhere near the end of this document the governor says this: "But we have further trials ahead of us. The problems raised by the working groups cannot be solved without accelerated economic development, the functioning of the market, and additional capital." That is, it can be established with the "naked eye" that we would not even have most of our present problems if we had all that. The "functioning of the market" is a prerequisite for that. But the market also has its prerequisites.

In that context, the fact that "an enterprise's profit or loss can be proven" with equal success, which in one passage Governor Avramovic speaks about as a big problem, is not ultimately the result of a bad accounting system. Nor is it a problem to copy foreign statutes on keeping business books, nor is it that our people in enterprises do not know how to keep them. A private entrepreneur can keep his books any way he likes, but when he does not have the money to pay his bills, he is ruined. But a state-owned or socially owned enterprise goes to some secretary (of the party or government) when it has no money and gets some. And in the very extreme instance, the problem is that the state is worst of all at keeping its business books, both as owner and as an official public entity.

Belgrade, Podgorica Compromise on Privatization

95BA0291C Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 26 Jun 95 pp 14-15

[Article by M. Lakicevic: "Conference of Economists: Southern Comfort"]

[FBIS Translated Text] A compromise has been reached between the Serbian and Montenegrin Governments on certain key solutions in the Draft Law on Enterprises, which up to now have been a subject of contention between them and the reason why this enactment fundamental to the economic system could not be passed before now. This is unquestionably the most important news item from the traditional annual conference of economists of Yugoslavia, held early last week in Budva, reported Momir Bulatovic, Montenegrin president, in an informal conversation with journalists at a cocktail party on the second day of the conference, something quite out of the ordinary for meetings of this kind. The essence of that compromise, however, is that, in the future, the destiny of social ownership and the socially owned firm will be decided by each Yugoslav federal unit for itself. Serbia will not renounce social ownership, Bulatovic said; we want complete privatization, and so we agreed that everyone should regulate this area as he thinks best. So, the economists who were gathered could console themselves at least a little that their ideas had nevertheless been accepted, if not by important and powerful political factors, at least under what even Bulatovic himself referred to as the scale of a laboratory experiment. Especially because the story told around noontime the same day by Governor Dragoslav Avramovic and Jovan Zebic, deputy federal prime minister, collided quite a bit with what the economists themselves were saying at the time.

By contrast with last year, when the governor was promoting the gold dinar, no new economic policy measures were launched from the conference this year, although there were such expectations in the public, both the public at large and the specialized public. But, as Jurij Bajec said, and it is good that that is the case, it is a mistake to call upon the administration to do something every moment, "an inactivist policy is the best policy." However, it can hardly be said to be good that assessment of the effects of the economic policy to date are diametrically opposed. That is, along with the inevitable reference to "the terrible fetters binding us," Zebic presented the assessment that "the results of economic policy in the first five months of this year are mainly favorable," supporting this with the growth of production, the stability of the dinar's exchange rate, and the growth, though modest, of foreign exchange reserves. None of that would have been so terrible if, barely more than an hour before Zebic, two eminent Yugoslav scientific institutions, the Institute of Economic Sciences and the Economics Institute, had not presented quite different assessments of both economic policy and of the current economic situation. In short, the description of that situation comes down to stagflation, that is, a rise of prices on the one hand and a decline of production on the other.

If Yugoslav economists agree on anything at this moment, then it is the assessment that macroeconomic policy has exhausted what it can accomplish, that is, that it itself can no longer cope with the problems confronting the Yugoslav economy, and that restructuring is a necessity. What shapers of economic policy are reproached for the most in this context is their position that Yugoslavia does not need changes in its economic system. Judging by what the economists were told by Zebic and Avramovic, they are still not convinced that those changes are necessary. The deputy federal prime minister referred to a number of laws embodying the system that have been adopted so far, such as the Law on Securities, the Foreign Exchange Law, the laws on free trade zones and foreign investments, and so on, although they were seen as extremely restrictive by most of the specialists, as though we are besieged by international capital, not by international peacekeeping and other troops.

At the very beginning of his speech, which was inspired and charming as usual, Governor Avramovic admitted some of his mistakes (only he did not want to say which ones), admitted to some of his critics that they were right (retaining the same possibility for himself in certain other matters), but he did not forego mentioning self-management and the alleged growing interest in it in the world, making reference to a recent interview with Branko Horvat in NASA BORBA. All in all, it seemed that the shapers of our economic system still have not chosen, as though there is still a battle going on within them, as Ljubomir Madzar said on another similar occasion, between the head and the heart, which, as is well known, is always on the left side. However, judging by the conversation with Bulatovic, it seems that even this matter has been decided. It is just that no one is going to tell us yet.

And the stormiest debate among the economists (and at that point, it might be said, the greatest departure was made from politics and the discussion went into the waters of the specialty and the profession) was precisely over highways and the method of privatization. With rare and practically negligible exceptions, privatization was put forward as the basic and unavoidable step on Yugoslavia's road not to a modern world, but just to a normal world. One question that has long been a significant stumbling block and bone of contention among economists seems to have been solved at this meeting. This is the question: Is privatization an end in itself? The answer is yes. Not because of anyone's ideological, political, or professional whim, but because privatization, that is, private ownership (as the dominant, not the only form of ownership), puts the entire economic system, which is to say economic and social life, on new foundations. One of the key elements of that foundation is a considerably more efficient business firm; comparative analyses of the efficiency of private, mixed, socially owned, and state firms done during this period of their parallel existence offer a clear ranking of success, in exactly the order in which they have just been given.

Accordingly, the number of entrepreneurs at this year's conference was down by at least half. Those who were there were mainly from privatized (and deprivatized) socially owned firms. Their unanimous position was that a demand to cancel the revaluation be included in the conference's message. At the end of the conference, when Branislav Soskic read the conclusions, and it was not among them, one of the most active participants in the conference, Radisav Bogdanovic (Gama, Uzice), called for it to be included nevertheless. Following a brief discussion, however, that motion did not pass.

Foreign Debt, Rescheduling, Debt Finance Viewed

95BA0291D Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 26 Jun 95 p 15

[Article by Dejan Jovovic: "Debts"]

[FBIS Translated Text] The foreign debt of the FRY [Federal Republic of Yugoslavia], according to approximate figures, amounts to about $9 billion (principal and past-due interest). The biggest debt is to the Western governments that are members of the Paris Club (43 percent), to commercial banks (33 percent), and the least to the IMF and World Bank (21 percent). About

3 percent is due to other creditors. However, the total foreign exchange debt of the FRY, together with savings, is estimated at over $13.5 billion. Nearly $1.5 billion of foreign exchange reserves have been frozen abroad because of the sanctions, while that in the country amounts to only a few hundred million dollars. According to some estimates, individuals in the country hold about $2 billion, and the amount of capital that has fled abroad may be $5 billion. There are also Yugoslav claims abroad amounting to about $4-5 billion, but it is uncertain when (or whether) they will be collected from the debtors. Past-due obligations, according to the 1988 Agreement on Refinancing Debt, have attained the amount of over $4.9 billion.

The debt undistributed among the former Yugoslav republics, i.e., the unallocated debt (it is still not known who the beneficiaries will be), is estimated at $3.4 billion. The criterion for its division, unless an agreement provides otherwise, might be the model of the IMF, that is, distribution of the previous national quota in that institution, whereby the FRY would be entitled to 36.5 percent. Unless it is able to meet its external obligations, the FRY cannot count on obtaining foreign economic support. Foreign creditors should be called upon to meet terms similar to those requested, say, by Croatia and Slovenia, and that is postponement of obligations for 15 years and a grace period of two years.

The problem of the FRY's external debt is not felt much because it is in abeyance so long as the sanctions last. But that problem will be considerably aggravated after the embargo is removed. That is why all possible options for consolidating the debt should be examined right now (refinancing use of concessional interest, rescheduling, and even a possible partial write-off), as well as for transforming loans made previously into ownership shares of foreigners in the Yugoslav economy. According to certain foreign sources, there is significant willingness in financial circles to reschedule Yugoslav debt over the long term, and to write off a small part of it. Assessments have also been made in certain banking circles that settlement of the debt could follow six months after the sanctions are removed. Foreign creditors believe that the FRY is not an overindebted country. They cite as an example countries with approximately the same population and economic capability that have three times as much debt (Hungary, for example).

Chemical Bank in the United States is the coordinator of international commercial banks for the commercial external debt of Yugoslavia. These banks are trying to "go higher than the formula" of the IMF on division of the quota, the assets, and liabilities of the former SFRY [Socialist Federal Republic of Yugoslavia]. That is, they want to get as much as possible as soon as possible from those republics from the earlier territory of Yugoslavia that are best able to pay. The principal of the commercial debt is about $4.4 billion, of which about $3.4 billion were taken in June 1983 on the basis of loans for restructuring and consolidation that the former republics received. The remainder of the debt, about $1 billion, was taken by the National Bank of Yugoslavia, and that part still has not been distributed. Repayment of those loans was postponed in 1988 for 18 years (grace period six years) under the Agreement on New Refinancing. The first installment came due for collection in 1994, and the last in 2006. But in 1994 not a cent of those obligations was paid to the commercial banks or to other creditors, and so penalty interest is being applied to them. According to some more recent estimates, the "daily interest" on the foreign financial obligations of the country range around $2.7 million, while the daily growth of the social product is only $33 million. Viewed in purely theoretical terms, because interest is being applied to interest, in three or four years everything that the FRY creates in the course of a day would go to pay interest to foreign creditors!!!

It is estimated that the Yugoslav debt will grow 40-45 percent of its nominal value after Slovenia and Croatia reach agreement with foreign creditors. Slovenia, that is, signed an overall agreement on 10 June 1995 with an International Coordinating Committee of Private Creditors to take over 18 percent of the external debt of the former SFRY. To become final, it needs to be confirmed by holders of two-thirds of the joint debt. This calls for Slovenia to pay off $710 million of the debt of the SFRY. It would then be free of the solidarity clause, under which the joint debt of the SFRY should be paid by those entities able to do so.

Tax Harmonization Law Proposed

95BA0291E Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 26 Jun 95 p 17

[Article by V.D.: "Taxes: Federal Harmonization"]

[FBIS Translated Text] Probably this federal government, unlike several previous ones, will manage to pass a federal law on the foundations of the tax system. After all, even though the earlier and also present Constitution gave the federation the right to regulate the foundations of the tax system and joint tax policy, over almost the last five years this has mainly been resolved in annual laws on temporary measures. But because in the meantime the republics, Serbia back in late 1991 and Montenegro in the middle of the next year, have adopted their own laws on the system, this temporary federal law was never applied in practice. An almost identical version of the federal law on the bases of the tax system was established back in early 1993, but it has been on ice up to now, because the republics were unable to agree, although even then the biggest stumbling block was avoided concerning distribution of revenues from the turnover tax between the republics and the federation. In other words, numerous similar attempts to regulate this subject matter had come to naught.

The biggest problems begin with division of tax jurisdiction and the tax pie, and the new federal Constitution failed to be clear on this point (perhaps deliberately). It merely spells out that the federation shall be financed from a portion of the turnover tax (among other sources), whose revenues it shares with the republics, but it does not state the ratios in which they belong to one side or the other and who is to adopt the legislation establishing this. In the attitude they have shown toward the demands of the federation up to now, the republics have shown very little readiness to allow anyone to control any major portion of revenues from this tax.

In any case, the proposed version of this law prescribes the foundations of the tax system comprising the types of taxes that can be introduced on the territory of Yugoslavia as well as the basic elements of taxes (the taxpayer, the tax base, the ranges of the tax rates for the various types of taxes and types of tax incentives). Within the limits of the proposed ranges of the tax rates, the republics would conduct their specific tax policy and regulate the rates in detail. The law, that is, has taken over the basic elements of the turnover tax and excise taxes, the corporate profit tax, the income tax on individuals, and the tax on income from international transportation services that already existed and were defined in republic legislation. Two rates are envisaged for the turnover tax, 10 and 20 percent, which reduces the previous minimum rate from 12 to 10 percent, and the maximum rate from 25 to 30 percent. The turnover tax on services is 10 percent. Excise taxes are stated in absolute amounts. The proportional rate of the corporate profit tax is between 20 and 30 percent, and the progressive rate of the income tax on individuals is between 20 and 40 percent.

This law needs to be adopted during this year so that the republics can make any possible adjustments in their regulations by the end of the year, and its application is envisaged commencing in January of next year. This law is a reflection of the political consensus achieved between the two republics over their budget needs in the coming year. With all that in mind, one can conclude that tax policy and the size of the tax burden will remain exactly the same next year. Certain evident advantages of the new law are that in the future the republics will not be able to resort to the adoption of new types of taxes (like the tax on the railroads, and so forth). Or that amendment procedure of any of the two republic tax laws will require amendment of the federal statute as well, and that can never go so quickly, and that will indirectly force the republics to establish more lasting solutions in this area.

Drastic Increase in Unemployed, Retirees

95BA0291B Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 3 Jul 95 p 18

[Article by V. Karakasevic: "Flight to Retirement"]

[FBIS Translated Text] Once again this year, the manpower survey of the Federal Bureau of Statistics has presented dramatic figures. As we have written, last year this survey established an exceptional increase in the number of members of the labor force and their share in the total population of the FRY [Federal Republic of Yugoslavia], and this year's figures have shown that between May 1994 and March 1995 the number of pensioners increased from 1,141,235 to 1,417,752, or by 276,517 persons, to be precise. Actually, the number retiring from the labor force was greater than the number of pensioners who died in that period.

The explanation for this addition to pensioners probably lies in the rush of the workers to meet some sort of legal condition—to retire before the announced stricter regulations for establishing the pension base, but also the desire of enterprises to transfer those workers as soon as possible from their own scant revenues and unemployment to the care of the state.

As far as the labor force is concerned, between the 1991 census and last year's manpower survey it grew by about 340,000 persons (following a decline of several years). This was actually the response of the population to the major economic and social crises, when housewives and young people went to work to help with the family budget. But from May of last year to March of this year the labor force shrank by 204,100 persons. This might be interpreted in terms of certain stabilization flows and a partial improvement of the standard of living over 1993, if it were not for this large outflow of people to retirement, which is nevertheless a more logical explanation for the structural transfer of the population.

In any case, the share of the labor force in the total population fell from 45.2 to 43.2 percent over those nine months, and in the population over age 15 it fell from 62 percent to slightly below 59 percent.

Suppression of Business Activity

All of these changes occurred mainly in Serbia, while in Montenegro the situation is more or less the same as it was last year. In central Serbia, the size of the labor force has decreased by 186,501 over the last nine months; in Vojvodina it has shrunk as well, by 58,000; while in Kosovo and Metohija the labor force has grown by slightly more than 39,000. In Montenegro, the number of pensioners has increased by 7,500; in Serbia, by 269,000 (in central Serbia, by 174,000; in Vojvodina, by 68,000; and in Kosovo and Metohija, by about 27,000).

Primarily because people are being driven to retire, the employed labor force as a whole declined by about 154,500 from last year to this. In central Serbia alone the number of employed persons decreased by 122,900. Of the total employed labor force of 2,820,704 in the FRY in March of this year, 2,650,126 (or 94 percent) were employed workers, 167,495 owners or coowners of private firms (enterprises, shops, and the like), and 3,084 coowners of mixed firms. The socialized firms accounted for 85 percent of the total employed labor force, private firms 12 percent, and cooperative and mixed enterprises 3 percent.

There was a drop even in the number of gainfully employed farmers and household members helping them by a total of more than 171,000 persons, and also in the number of "miscellaneous gainfully employed persons," among them people in the so-called liberal professions, by about 40,000.

It is a fact that along with a certain economic stabilization in the last year there has been a considerable deterioration of conditions for any kind of self-employment. Such large taxes and contributions have been heaped on lawful firms that the little ones have been shutting down and going into liquidation in large numbers for months now. At the same time, there is ever more intense harassment of those who attempt to earn something in what is called the gray economy, which flourished the most at the time when the authorities, because of the difficult social situation, looked upon that activity with maximum tolerance.

For all those reasons there has been an increase in the number of unemployed. The manpower survey made a distinction between two groups of unemployed: In the first group are people who are only looking for work, while in the second are unemployed who are occasionally gainfully employed, regardless of how. In May of last year, the two groups totaled 694,560, and in March of this year 861,139. Thus, the number of unemployed has increased by about 166,000 people, and here there has been a particular increase in the size of the first group, the completely unemployed, by nearly 120,000 persons.

About 35 percent of all the unemployed were employed previously; 23 percent of them became unemployed because the firm was liquidated, 20 percent were laid off as technological surplus, 18.5 percent quit on their own, and 25 percent did work that has been suspended for a time or was seasonal work.

FRY Population Over Age 15 by Sector

	May 1994		March 1995	
	No. of Persons	Distribution	No. of Persons	Distribution
TOTAL	7,664,485	100.0	7,737,039	100.0
LABOR FORCE, total	4,748,085	62.0	4,543,985	58.7
Employed	2,975,209	38.8	2,820,704	36.5
Farmers	691,901	9.0	569,756	7.4
Helping family members, total	303,631	4.0	248,517	3.2
—On the farm	291,102	3.8	242,122	3.1
Other gainfully employed	82,785	1.1	43,869	0.6
Unemployed, seeking work	516,199	6.7	634,580	8.2
Unemployed, occasionally gainfully employed	178,361	2.3	226,559	2.9

	May 1994		March 1995	
OUTSIDE THE LABOR FORCE, total	2,915,400	38.0	3,193,054	41.3
People with personal income	1,216,218	15.9	1,474,239	19.0
—Pensioners	1,141,235	14.9	1,417,752	18.3
—Other personal income	74,982	1.0	56,487	0.7
Dependents	1,699,182	22.2	1,718,815	22.2
—Housewives	746,052	9.7	863,514	11.2
—Students	644,707	8.4	589,802	7.6
—Unable to work	206,573	2.7	183,434	2.4
—Others outside the labor force	101,850	1.3	82,064	1.1

Source: Federal Bureau of Statistics

Trade Unions Warn of Growing Discontent

95BA0296B Ljubljana DELO in Slovene 8 Jul 95 p 28

[Article by Slobodan Dukic: "People in the FRY Are Afraid of Poverty"]

[FBIS Translated Text] *The strongest trade union warns that workers will not be able to stand another wave of hyperinflation, because they no longer have monetary reserves and full freezers.*

From our correspondent.

Belgrade, 7 Jul—Will the citizens of the Serbian-Montenegrin federation sink into an abyss of misery, poverty, and hyperinflation again? In view of the warnings from the strongest trade union federation, the Independent Trade Union of the Federal Republic of Yugoslavia [FRY], the authorities' claims that the economic recovery program is being implemented are not true, because the dinar is no longer stable, prices have begun to run wild again, and production is declining.

A trade union meeting in Subotica recently demanded that Serbia and Montenegro declare next year to be the year of health care and adopt the recommendations of the World Health Organization and the ILO [International Labor Organization], because "the economic crisis for many years, the noticeable decline in the standard of living, the closeness of the war, and the UN measures have had consequences for people's health." Because of the difficult economic situation for several years, many employees cannot satisfy even minimal vital requirements for food, housing, heating, and hygiene. The epidemiological situation is already drastic. Endemic diseases that were believed to have disappeared on this territory are occurring. Particularly in jeopardy are workers with so-called social diseases like tuberculosis and other contagious diseases.

The trade unions are warning that they can expect catastrophic social and health consequences next year, because the number of sick and dead people is increasing sharply, and they are also announcing lasting psychological and physical consequences for workers' children. Last year the birth rate fell in the FRY, and the death rate increased. Last year it was twice as high as in 1991, primarily with respect to children.

According to Dragan Radulovic, president of the Council of the Federation of Independent Trade Unions, in the last six months an economic recession has been evident, which "they are trying to cure on the backs of the workers." Radulovic also warns that people no longer trust the government. They are afraid of new hyperinflation. "We no longer have the reserves of money by which we made it through the previous hyperinflation; we do not have foreign exchange or full freezers. The workers' dissatisfaction is demonstrated by the increasingly more frequent strikes throughout Serbia, which we think are a rebellion by the disappointed. The ratio between the consumer basket and average earnings is getting higher and higher, while real earnings have been falling constantly since the beginning of the year. In April they were only 79 percent of December's," that high-level trade union official stated.

Certain opposition parties and economic experts are warning the government in Belgrade that the latest increase in pensions, through which the authorities want to quiet the dissatisfaction of the oldest people, will intensify the recession and inflation, and that it will all lead to a decline in earnings and employment. A representative of the Civic Alliance says that the authorities are thus laying the groundwork for winning votes in the next elections.

Serbia

Protest Rally Demands Intervention in Krajina

AU0808144995 Belgrade NASA BORBA in Serbo-Croatian 8 Aug 95 p 15

[Report by "D.P.-M.P.": "Rise, Serbs"]

[FBIS Translated Text] Belgrade—Last night, at the Belgrade Republic Square, a rally was held under the slogan "Rise, Serbs" in the organization of the so-called committee for the organization of protest rallies over the fall of Knin and the betrayal of Krajina. The some 2,000 people present were addressed by leaders of nonparliamentary parties, and, as it was put, "prominent Serbian intellectuals."

People's Party Chairman Milan Paroski called on Prime Minister Mirko Marjanovic to take Croatian citizenship "since Knin, his birthplace, is in Croatian hands," while Mirko Jovic, leader of the Serbian National Revival, "advised" the refugees arriving in Serbia "to appropriate apartments from non-Serbs."

The organizers demanded that the Serbian and Yugoslav authorities move the ground forces of the Yugoslav Army to the border with Croatia, to bomb "those who occupied Krajina" and arrest 80,000 officers of the Serb Republic currently living in Serbia. Another protest in the same place was announced for today.

As we completed this report, the rally had still not been addressed by Miroslav Solevic, leader of the Serbian Resistance Movement, historian Veselin Djuretic, and Zarko Gavrilovic, leader of the St. Sava Party.

Belgrade City Head Urges Response to 'Rioting'

LD0808150495 Belgrade TANJUG Domestic Service in Serbo-Croatian 1344 GMT 8 Aug 95

[FBIS Translated Text] Belgrade, 8 Aug (TANJUG)—Zoran Milosevic, president of the Belgrade city government executive committee, today said that, at a time when a great number of refugees are arriving in Belgrade from the Republic of Serb Krajina, the capital "needs peace to secure the maximum possible humanitarian aid."

At an urgent session of the executive committee, he reflected in particular on last night's events, when rioting and unrest broke out in certain parts of the city, and said that "adequate steps have to be taken in response to such events."

Milosevic said that the police are expected to "provide peace and order in the city to a full extent, not allowing individuals and groups to demolish Belgrade because it is completely certain that this is no way to defend Serbdom."

Belgrade's generosity and the preparedness of its inhabitants to help even when they themselves are facing hardships cannot be abused, and it does not imply tolerance toward extremist elements that want to use this difficult situation for political gain and shady political goals.

"Last night's events should serve as the last warning to all who want to provoke riots and unrest and make them understand that inter-Serb conflict and chaos in Belgrade are the last thing needed by the Serb nation."

15,000 Refugees Pass Through Sremska Mitrovica

LD0908104795 Belgrade TANJUG Domestic Service in Serbo-Croatian 0809 GMT 9 Aug 95

[FBIS Translated Text] Sremska Mitrovica, 9 Aug (TANJUG)—Approximately 15,000 refugees from the Republic of Serb Krajina have passed through Sremska Mitrovica over the past three days, while some 3,000 have been accommodated in reception centers.

The third sports hall was opened last night but was quickly filled with refugees. Many are arriving unannounced. A group of 500 refugees arrived last night from the Pavloviceva Cuprija crossing point.

The refugees include many elderly, infirm, and even paralyzed people in need of special care.

SPS's Minic Places Blame for Serb 'Exodus'

AU0808203595 Belgrade RTB Television Network in Serbo-Croatian 1730 GMT 8 Aug 95

[FBIS Translated Text] The Provincial Committee of the Socialist Party of Serbia met in Novi Sad today. The session was attended by SPS Secretary General Milomir Minic and SPS Caucus Chairman Milorad Vucelic. We will carry the following part of Milomir Minic's statement:

The tribulations and exodus of the Serb people in the Republic of Serbian Krajina [RSK] are a direct consequence of the refusal of the peace plan by the Pale leadership headed by Karadzic and followed by the Knin leadership.

The optimum occasion to accept peace occurred one year ago. The Pale leadership refused peace negotiations at the moment it had complete supremacy. It refused a peace plan that guaranteed to it half of Bosnia and the international recognition of the Serb people's just struggle for freedom and equality, the Serb Republic's linking to Serbia, peace, and protection of the people from war suffering.

A year ago it was also clearly warned that it would have to answer itself for the consequences of refusing the peace plan, as well as the consequences of all political decisions it made ignoring the vital interests of the whole Serb people. It was clearly told even then that refusing the peace plan directly threatened the RSK and the Serb people in it.

By refusing political negotiations, it abandoned the united peace policy led by President Slobodan Milosevic. With their war policy, the leaderships of the krajinas risked everything the people had gained in their heroic struggle. Our people's pain and tribulation belong to all of us, and the blame is theirs alone.

We shall stay firm and resolute in solving the Yugoslav crisis through political negotiations. Political negotiations alone can bring a permanent and just peace and an end to war. Let us do everything with a view to alleviating the suffering of the Krajina people, accommodating refugees and giving them all necessary help.

Yugoslav Left Condemns Pale Leadership

AU0908083195 Belgrade RTB Television Network in Serbo-Croatian 1730 GMT 8 Aug 95

[FBIS Translated Text] The Yugoslav Left has announced that it was the first political organization in the FRY to support the Contact Group plan. Since then, it has been publicly and resolutely saying that peace on the territory of the earlier Yugoslavia is in the interest of all of the nations living here.

We consider the current events in and around the Knin region to be a great misfortune for the Serb people living there. These people had a chance to resolve the questions related to their interests peacefully through negotiations and diplomatic means, for which it had support from the FRY and many elements in the international community, particularly over the past 12 months.

These people under their leadership failed to take advantage of those means. On the contrary, the leadership of the Serb Krajina under the influence of the Pale leadership, preferred the illusion that the Serbian people's interests should above all be resolved through war and conflict and be founded on an anachronistic, unreal, and therefore tragic hope for the chance of happiness within an ethnically pure state. Owing to this illusion, precious opportunities were missed to try to find a common language between Knin and Zagreb and to start the process of talks and agreements. The acceptance of the Z-4 plan by Milan Babic when the Croatian Army was 2 kilometers from Knin was a tragic irony for the Serb people in the region because they had placed their destiny in the hands of those who harbor no vision of their interests and who had long been following the dictates of the warmongering and war-profiteering junta in Pale.

The thousands of refugees moving from the region occupied by the Croatian army toward Bosnia and farther on toward Serbia are the direct and tragic victims of the chauvinistic and warmongering steps that their leadership made under the influence of the Pale leadership, as well as warmongering and war-profiteering circles in the FRY.

These poor people and their leaders were incited to war instead of negotiations by those who did not plan to go to war themselves. They were sitting in Belgrade passing their time in casinos and cafes, occasionally appearing to brainwash FRY citizens on television, encouraging the Knin Serbs to go to war and to refuse any talks with Zagreb, while preparing the groundwork to lead the FRY into that war as well.

The ultimate aim of this warmongering and war-profiteering policy, with its center in Pale and significant branches in Belgrade, was to drag the FRY into war. The fall of the Serb Krajina was supposed to serve as a dramatic and sufficient reason for this. Whether or not consciously, these warmongering and war-profiteering branches in the FRY are serving as shameful tools of the world political forces whose aim is also to drag the FRY into the war and who have long been accusing Belgrade of being the main culprit in the Yugoslav drama.

It is now difficult to help the suffering and despairing people who are drifting toward Bosnia or Serbia. They are paying the price for their leadership's dangerous policy, for the megalomaniacal stupidities presented in Pale and other nationalist branches, suggesting that Vienna and Venice will be Serbian, and for the several years of nationalistic bombast on television by these patriots who spend their time sitting around cafe tables and see guns only in others' hands.

Now all of the material and medical aid to refugees outside the FRY and those who are coming to the FRY must be organized, and appeals must be made to all international elements who decide about things regarding earlier Yugoslavia to protect the Serb people who remain in and around the Knin region, as well as those who have fled the region. With this announcement we issue such an appeal.

We think that the media themselves should come out with the truth, however bitter it may be. Silencing this truth leaves people with rumors as the only source of information, leads them to the wrong conclusions and the wrong decisions by those who make them.

The principal interest of the FRY is to preserve peace, but, to do so, one should stop the warmongers here and identify them in the regions where, thanks to them, this war cannot stop.

TV Comments on 'Cowardly Surrender' of Knin

AU0808200295 Belgrade RTB Television Network in Serbo-Croatian 1730 GMT 8 Aug 95

[FBIS Translated Text] In the first moments of the great misfortune and exodus of the Serb people from the Republic of Serbian Krajina [RSK], when rescuing and accommodation of refugees is the primary and greatest concern, there is one issue that almost slipped the public attention. People, however, have already started wondering how it is possible that after five years of the RSK's existence and all of Milan Martic's boasting and his constant threats to almost the entire world, Knin falls in a single day, without a single bullet being fired, so to speak, and the entire Krajina having been finished off in a mere two or three days, apart from honorable examples of heroic resistance at Kordun, Banija, Baranja, and eastern Slavonia.

It is obvious that Martic and his staff decided that Krajina would be handed to Tudjman as if on a platter.

Such opinions are also being heard from the people in refugee columns. Today's VECERNJE NOVOSTI carried testimony of a woman who had fled from Knin and who says literally the following: Ustashas also pounded our column before Prijedor but failed to hit us. One week before our flight, local potentates slipped out. They knew that they would leave Knin, they told their children not to tell anybody that they would go. However, children told children.

When luxury cars disappeared from villages and Knin, from Drnis and Benkovac, we still did not believe. It was too late when we realized. Now we wonder what to do now. Why was this done?

The answer to this question should be left for some better days. However, it is already clear now that the cowardly surrender of Knin gave wings to the Croats to start imagining themselves to be a great regional power and presented an occasion for Tudjman to strut around and behave like a little Napoleon. Of course, this may strike back at Croatia like a boomerang, but it may also present an even greater danger to peace in the Balkans and Europe.

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